Austria	Sch24	Indonesia	Rp3100	Pakistan	Rs20		
Bahrain	Din0.700	Iran	Rls210	Philippines	Pes40		
Belgium	BFr55	Israel	Shk3.30	Poland	Zl 9,000		
Cyprus	C£0.80	Italy	L2000	Portugal	Esc165		
Denmark	DKr12.00	Jordan	Fils1000	Qatar	QR9.00		
Egypt	E£3.25	Kuwait	Fils.500	S Arabia	SR7.00		
Finland	Fin8.50	Lebanon	L£400.00	Singapore	S$4.10		
France	FFr7.50	Lux	LFr55	Spain	Pta165		
Germany	DM2.60	Malaysia	M$4.25	Sweden	SKr12		
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50		
Hong Kong	HK$12	Neth	Fl 3.25	Thailand	Bt50		
Hungary	Ft107	Nigeria	Naira10	Tunisia	Din0.800		
Iceland	IKr160	Norway	NKr12.00	Turkey	L2000		
India	Rs15	Oman	OR1	UAE	Dh7.00		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,192

Friday July 6 1990

D 8523A

G-7 DEBT TALKS

Ready to forgive *but not forget*

Page 20

World News

Soviet party leaders get blame for ethnic unrest

The Soviet leadership came under renewed fire in Moscow from Communist Party delegates who accused it of stirring up nationalist sentiment and ethnic conflicts.

The main butt of angry conservative critics was Alexander Yakovlev, the Politburo member responsible for international affairs and a close ally of Soviet leader Mikhail Gorbachev. Page 22

Blow to Kosovo

Yugoslavia's biggest republic, Serbia, dissolved the parliament and government in Kosovo in its harshest blow yet to the autonomy of the predominantly ethnic Albanian province. Page 3

Havel re-elected

The new Czechoslovak parliament re-elected former dissident playwright Vaclav Havel, 53, as president for a two-year term. He later took the oath of office. Page 2

Oil strikes crumble

Wildcat strikes on Norway's North Sea oil and gas platforms began to crumble after workers on the big Ekofisk field decided to return.

'Abyss of horrors'

A senior Soviet Communist Party official said a special committee set up to rehabilitate Stalinist victims had uncovered an "abyss of horrors". He promised survivors: "We shall take this matter to the end."

Missing accent

The French Academy, which polices the country's linguistic purity, pronounced the death sentence on the circumflex, the hat-shaped accent which shortens the pronunciation of vowels. It will not be used in schools after 1991.

$1m Renoir stolen

The $1m Renoir portrait La Femme Assise was cut from its frame at the Louvre during daylight hours. Five smaller Paris museums were closed after a spate of thefts.

Mecca victims

More than 1,000 pilgrims from Indonesia and Turkey were among the 1,426 crushed to death near Mecca on Monday.

Absentee boss

The sister of executed Romanian dictator Nicolae Ceausescu was paid for 12 years as supervisor at an electrical goods factory but never turned up for work, a Bucharest court was told.

Record price

The Italian-made, 18th century Badminton Cabinet fetched £8.58m ($13.7m) at a Christie's auction in London, a record for a piece of furniture.

Dogs on the dole

Dogs must be looked after at public cost when their owner is in jail, a Swedish court has ruled. It ordered a welfare office to pay kennel fees for two dogs while their master serves a three-month sentence.

Business Summary

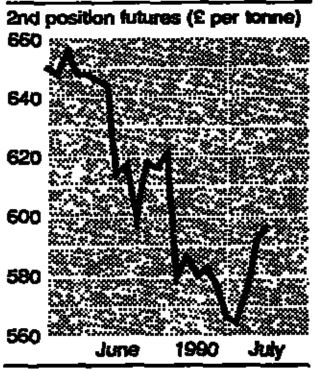
Mannesmann to raise DM700m in rights issue

Mannesmann, West German engineering group, plans to raise DM700m ($425m) in a one-for-10 rights issue, its second major rights issue within eight months. The cash from the latest issue will go towards projects in East Germany and the building up of production abroad, especially in the US. Page 23

COFFEE: London's September robusta contract closed at £597 ($1,026) a tonne, up £5 on the day and £30 on the week. Commodities, Page 33

Coffee

2nd position futures (£ per tonne)



JAPAN released a 10-year grand plan for industrial and social development which focuses on the individual and envisages an expanded international role. Page 6

GKN, automotive components group, could become one of first British companies to enter a joint venture in East Germany. Page 4

SOUTH AFRICAN economy has entered a "light recession" and there may be negative growth for the year, says South African Reserve Bank in its quarterly bulletin. Page 6

WORLD TEXTILE industry experienced sluggish trading in the opening months of the year, according to International Textile Manufacturers Federation. Page 4

CHINESE consortium of companies has cut its proposed one-third equity stake in a new international airport being built in Portuguese enclave of Macao. Page 6

ROBERT BOSCH, West German automotive equipment group, expects slower growth in turnover in 1990 after last year's rise of 10.5 per cent to DM30.6bn ($18bn). Page 23

FARROW Corporation, privately owned Australian company which owns a group of building societies, may be sold as a going concern. Page 24

GOLD FIELDS of South Africa (GFSA), country's second largest mining house, announced plans to cut up to 5,000 jobs, in its gold division. Page 23

FIVE West German utilities have launched a counter-bid to take over East Germany's electricity supply industry. Page 25

BRAZIL's president arrived in Buenos Aires to pursue a plan integrating Argentina and Brazil into a common market by 1995. Page 4

Bush calls for Gorbachev to address Nato leaders

By Robert Mauthner, Philip Stephens and Mark Nicholson in London

US President George Bush yesterday proposed that Mr Mikhail Gorbachev, his Soviet opposite number, should be invited to address Nato leaders in the near future as a gesture of goodwill.

Although no date has been suggested for the occasion, it is understood that Mr Gorbachev would be invited to address a Nato summit meeting in December.

The unprecedented proposal, which is expected to be included in a final declaration today by Nato heads of government and heads of state meeting in London, is part of a package of measures aimed at reassuring the Soviet Union.

Mr Bush told other leaders that his proposal was designed to "reach out to old adversaries." He said: "We will show that Nato has a new dimension of co-operation with the Soviet Union and with the new democracies of eastern Europe."

Moscow has made plain that it is looking for a demonstration of Nato's peaceful intentions and transformation into a more political organisation if it is to agree to such key aspects of German unification as the membership of Nato for a united Germany.

President Bush's proposals for reshaping the western alliance to take account of recent developments in the Soviet Union and eastern Europe will serve as the blueprint for today's final declaration, which foreign ministers were drafting last night.

Among the main objectives for Nato outlined by President Bush were the strengthening of the Conference on Security and Co-operation in Europe (CSCE) so that it would become one of the main pillars of a new east-west security structure.

Mr Bush said the conclusion of conventional force reduction talks in Vienna expected at the end of this year should be followed immediately by a new round of talks to secure yet further cuts.

He said the US was prepared to withdraw all its nuclear artillery shells from Germany by the time all Soviet forces stationed in eastern Europe had returned home.

Another important element of the assurances to be offered by Nato to the Soviet Union will be a rephrasing of Nato's strategy of flexible response, under which member countries reserve the right to use nuclear weapons if they are unable to halt an attack by conventional means.

Mr Bush's proposal to make nuclear arms "weapons of last resort" did not meet enthusiasm from all member countries. President François Mitterrand of France and Mrs Margaret Thatcher, the UK Prime Minister, both felt the value of nuclear weapons as a deterrent to war might be undermined by the new formulation.

Mrs Thatcher told the meeting that Nato should never say "no" to the first use of nuclear

Kohl offer on troop levels in a united Germany, Page 3
Continued on Page 22

George Bush in London for opening session of the Nato summit yesterday: reaching out to old adversaries

E Germany 'may need at least 15 years to catch up'

By David Marsh in Bonn

EAST GERMANY is likely to need at least 15 years to catch up its economic lag with West Germany, even assuming annual growth rates in the east of 7½ per cent, according to the Organisation for Economic Co-operation and Development (OECD).

This would assume a rate of output growth in East Germany similar to that seen in West Germany in the 1950s. In an alternative scenario, of 5 per cent economic growth rates, East Germany would take 30 years to converge with West Germany.

In its annual report on West Germany, published yesterday, the OECD says it believes the costs of financing German unity can be met without overburdening the capital markets and without "major tax increases."

The OECD generally paints a positive picture of West German gross national product growing at 4 per cent this year and 3.5 per cent in 1991, after 4 per cent in 1989.

It acknowledges that this year's report will be the last one concentrated on the federal republic because East and West Germany now appear likely to be unified before next summer.

The OECD believes that the D-Mark, which has been relatively weak during the past few years, could come under upwards pressure as the unity process gets under way. As monetary conditions are tightened and the fiscal stance becomes temporarily more expansionary, Germany is likely to induce capital inflows, the OECD says.

The recent rise in long-term interest rates, apart from mirroring somewhat higher inflation expectations, also seems to reflect the financial markets' expectations of high returns on investments in East Germany, the OECD says.

The Paris-based Secretariat puts the cost of West Germany's financial support for East Germany at around 1.5 to 2 per cent of GNP per year, or about DM36bn to DM48bn ($21.42bn to $28.57). It points to the present "comfortable" budgetary position of the federal government as easing the coming economic adjustment.

Part of additional government spending will be self-financed. West German growth now appears to be about 1 per cent a year higher as a result of unification – likely to improve the budgetary position by about DM12bn a year, or 0.5 per cent of GNP.

If substantially larger spending was needed in future for East Germany, "it would probably be difficult to avoid higher taxes and/or social security contributions," the OECD says.

It suggests that even moderate increases in tax rates could substantially ease burdens on the capital markets.

As examples, the report says that an average 4 per cent

Continued on Page 22
Lex, Page 22

Brady presses Fed for early rate cut

By Peter Riddell, US Editor, in Washington

THE BUSH Administration yesterday stepped up pressure on the Federal Reserve, the US central bank, for an early cut in interest rates following the meeting of its policy-making Open Market Committee earlier this week.

Mr Nicholas Brady, Treasury Secretary, while carefully avoiding a direct appeal to the Fed for an immediate cut, did not disguise his impatience about current monetary policy.

In comments to reporters, he noted the view of markets, which have pushed yields on long-term government bonds to below the Federal Funds rate, the short-term interest rate which is a key yardstick of policy.

Mr Brady said Mr Alan Greenspan, the Fed chairman with whom he maintains close relations, had indicated that if there was a budget deficit agreement between the Administration and Congress, interest rates would come down.

"I do too. I've said to him I don't think we should wait around. The two things go hand in hand."

He underlined longstanding differences of priority with the Fed over inflation.

In particular, he doubted the wisdom of trying to use normal monetary methods to get inflation down to zero without jeopardising growth because in the Treasury's opinion, inflation in the US is mainly in the service sector. The Fed differs, he said. "They are wrong."

Worries about inflation could not, he said, be treated as an isolated matter. Other factors, such as the squeeze on property prices and slower economic growth, had to be taken into account.

Mr Brady refused to comment on a report yesterday that the Administration was considering a proposal to impose a tax on the sale of securities as part of a budget package to reduce the federal deficit.

The idea, which was also floated last year, might involve a levy of 0.5 per cent on sales of stocks, bonds, futures contracts and other insturments. Such a tax might raise $7.8bn in its first year, and more later, thus making a sizeable contribution to the higher revenues being sought in the budget package.

The Securities Industry Association has gone public in lobbying Mr Brady and key congressional leaders to build up early opposition to the idea of a securities transfer excise tax and to deter the Administration from putting it forward formally.

The attraction of such a levy is that it could be seen as a means of taxing the better-off and so make the overall budget package appear fairer.

Other American news, Page 4; G-7 leaders to review official loans policy, Page 22

Albanian police ease tactics at embassies

By Kerin Hope in Athens, Judy Dempsey in London and John Wyles in Rome

HUNDREDS more Albanians flooded into foreign embassies in Tirana, the capital, yesterday while the authorities abruptly changed their response. Police merely looked on rather than using force to stop the flood.

Foreign diplomats in the Albanian capital said that a steady stream of people, among them young couples with babies, clambered over walls or slipped in to embassies whenever the gates were opened to allow official cars through.

Mr Anton Starecek, the Czechoslovak ambassador, speaking by telephone from Tirana, said: "They are penetrating our embassy every way they can and the police are standing back and smiling. We now have 49 Albanians here – 25 new arrivals today."

About 100 Albanian asylum-seekers entered the French embassy while at least 400 flocked into the West German mission where 86 had earlier sought refuge on Monday. Refugees were also said to be streaming into the Italian embassy. Mr Pantelis Carcabassis, the Greek chargé d'affaires, said that a further 60

Polish minister quits, Page 3
Continued on Page 22

Lloyd's plans pooling facility to cut risk of loss for members

By David Waller in London

LLOYD'S of London, the insurance market, is poised to make itself considerably less risky for the individuals who provide its underwriting capacity by pledging their entire personal wealth.

Mr Alan Lord, Lloyd's deputy-chairman and chief executive, yesterday announced plans for a pooling facility which will allow members, the so-called "names", to spread their commitments to Lloyd's across the market, rather than on a limited number of underwriting syndicates as at present. The pooling arrangements will enable individuals to gain exposure to a variety of stockmarket sectors, devolving responsibilty for investment decisions to professional managers.

Mr Lord was careful to stress that the move towards so-called Members' Agent Pooling Arrangements did not mean a break with the principle of unlimited liability for members of Lloyd's.

He said that the proposal ought to be seen as a way of spreading risk. Professionals in the Lloyd's market have been lobbying for such an initiative for some years.

If marketed effectively, it could help to counter the bad publicity associated with the Outhwaite affair – in which members of one syndicate face losses of hundreds of millions of pounds because of their exposure to the US professional liability market.

Publicity from this affair, combined with difficult market conditions arising from excess underwriting capacity in world insurance markets, have prompted 2,800 people to leave the market last year and a projected 1,400 in the current year.

Although the average Lloyd's name is on 16 out the total of more than 400 syndicates, many are on far fewer and thus suffer markedly when one syndicate has a bad year. The pooling arrangement will allow them to limit exposure to the net of all the pooled syndicates.

In a good year, the return will be less impressive than if the exposure was more narrowly focused, but the overall risk will be reduced. There will be no change in the rules governing membership of Lloyd's and the scheme is unlikely to be put into effect until 1992.

In a separate development, Lloyd's yesterday announced two new routes for the placing of business in the market, designed to win a bigger share of the personal insurance market.

Lloyd's underwriters will be able to accept business direct from members of the public, via non Lloyd's brokers or a new vehicle called a syndicate service company which will be able to take orders directly from individuals.

● London Wall Holdings, the fourth largest members' agency at Lloyd's, is to become the first wholly British-owned company to relocate to Canary Wharf, the new commercial development in London's docklands. The move will be the first time that one of the main underwriting and members' agencies at Lloyd's of London has moved out of the traditional Lloyd's market place.

Weekend FT

Tomorrow: Why are British home owners profligate and Germans thrifty?

●

Food and wine — an authentic taste of Austria

CONTENTS

Jamaica prepares to dance to a new political tune

In Jamaica, where politics traditionally has been vibrant to the point of violence, the expected retirement through ill health of premier Michael Manley will end an era in which the personality of party leaders is all

Page 4

MARKETS

STERLING
New York lunchtime:
$1.77865
London:
$1.7805 (1.785)
DM2.935 (2.94)
FFr9.855 (9.8575)
SFr2.49 (2.4825)
Y268.5 (267.5)
£ index 92.7 (same)

GOLD
New York: Comex Aug
$363.4 (364.15)
London:
$360.0 (362.5)

N SEA OIL (Argus)
Brent 15-day Aug
$15.775 (15.975)

Chief price changes yesterday: Page 23

DOLLAR
New York lunchtime:
DM1.6545
FFr5.55
SFr1.402
Y150.9
London:
DM1.649 (1.647)
FFr5.535 (5.5225)
SFr1.399 (1.391)
Y150.75 (149.8)
$ index 66.1 (65.9)
Tokyo close: Y151.0

US lunchtime rates
Fed Funds 8¼%
3-mo Treasury Bills:
yield: 7.888%
Long Bond:
103 29/32
yield: 8.384%

STOCK INDICES
FT-SE 100:
2,331.4 (−24.1)
FT Ordinary:
1,858.2 (-22.9)
FT-A All-Share:
1,151.07 (−1%)
New York lunchtime:
DJ Ind. Av.
2,880.69 (−30.94)
S&P Comp
355.78 (−4.38)
Tokyo: Nikkei
32,351.67 (−94.25)

LONDON MONEY
3-month interbank:
closing 14 31/32% (14 29/32)
Life long gilt future:
Sep 83 21/32 (84 22/32)

EUROPEAN NEWS

W Berlin mayor warns of mass unemployment

By Leslie Colitt in Berlin

MR WALTER MOMPER, the mayor of West Berlin, warned that insufficient West German aid for the ailing East German economy could produce long-term mass unemployment.

Speaking in the presence of Mr Helmut Haussmann, the West German Economics Minister, the mayor criticised as "inadequate" West German measures to help East German companies compete in the market-place. Incentives for West German industry to invest in the east were also lacking, he said.

Mr Momper called for investment incentives similar to those which existed for West Berlin. "The danger exists that all too large parts of the GDR economy may have to close down and that not enough investments will be made," Mayor Momper warned.

Mr Walter Momper

East Germany would only become a lucrative market if enough good-paying jobs were created. He also urged Bonn to launch a programme to finance the re-training of East German workers.

The mayor said a united Berlin would require more West German aid in the next few years and not less, as was widely assumed.

West Berlin receives more than DM20bn ($11.9bn) annually in financial support from Bonn. Aid for a united Berlin was like structural aid to the distressed coal, steel and ship-building industries, he argued.

Mr Haussmann, however, emphasised that a law would be passed this year on the phasing-out of subsidies to West Berlin over a seven-year period. In his remarks, the mayor emphasised that this should not begin before 1993.

Mr Momper urged that the second state treaty between East and West Germany, for which negotiations begin today in East Berlin, must establish Berlin as the future German capital and seat of government.

He called for a halt to all further West German spending on public buildings in Bonn, noting that this was "throwing away money."

● Thousands of workers in seven large companies in Leipzig held a 30-minute warning strike yesterday in support of the metal workers' union demand for higher wages and a reduced working week.

Negotiations between the union and the new employer federation collapsed earlier this week on a new wage pact.

East Europe warned over fast economic change

AMERICAN economist Mr John Kenneth Galbraith urged east European governments yesterday to take their time in moving towards market-based economies and warned against allowing foreign investors to take over their industries, Reuter reports from Brussels.

The retired Harvard economics professor railed against the "primitive ideology" of western capitalists who advocated unemployment, inflation and slashed living standards as crucial therapy for the creaking, formerly Communist-run economies.

"This, I choose my words carefully, is insanity," Mr Galbraith, a Democrat and adviser to the late president John Kennedy, told a conference on central and east European economic reforms.

Urging "careful economic action...as the necessary design for reducing human suffering and despair," Mr Galbraith noted it had taken western Europe almost a decade to restore its industry after World War Two – a task he said was less complex than the challenge now facing eastern Europe and the Soviet Union.

"Let it not be a criticism of this transition that it is done gradually and with thought," he said. "Sudden action...is for those who do not themselves suffer, do not think before acting, who proceed by formula, not fact."

In a veiled attack on the privatisation programmes planned by some east European governments, Mr Galbraith said it was irrelevant whether the state continued to own industry provided it was prepared to give companies the autonomy to determine their own performance.

World Bank to play reduced role in eastern Europe

By Stephen Fidler, Euromarkets Correspondent

THE World Bank will play a progressively smaller role in providing resources for east Europe as the European Bank for Reconstruction and Development enlarges its operations, according to a senior World Bank official.

But Mr Moeen Qureshi, senior vice-president for operations, said that in the meantime the Bank could pump an annual $2bn-$2.5bn in new loans into east Europe over the next three years.

In the financial year ended June 30, the Bank's loans to east Europe totalled $1.84bn

He said lending would focus more on the public sector than the new EBRD, which has to devote 60 per cent of its resources to encouragement of the private sector.

Some of this would be in the form of structural adjustment loans. Much of the rest would support environmental developments, energy and agriculture projects.

"We don't see east Europe taking a major part of the World Bank's resources," he told journalists in London, pointing out that the region's population of some 140m people was equivalent to that of Brazil.

The Bank announced yesterday that total lending commitments by the Bank itself and its soft-loan affiliate, the International Development Association, dropped slightly last year to $20.7bn from $21.3bn.

The IDA's portion rose to $5.5bn from $4.9bn.

But actual disbursements rose to $14bn for the bank proper from $121.3bn in the previous fiscal year.

Disbursements net of repayments rose significantly, to $5.8bn from $1.9bn.

Brussels announces more aid to promote enterprise

By David Buchan in Brussels

THE European Commission yesterday announced that it would spend a further Ecu98m (£70m) on five programmes promoting training, private enterprise and farming in Poland and Hungary.

This brings money committed from the European Community budget to eastern Europe so far this year to Ecu240m (£171m) out of the total of Ecu300m available for this purpose in 1990.

However, the overall aid programme funded by the Group of 24 western aid donors and co-ordinated by the Brussels Commission has given, lent or pledged some Ecu11bn to Warsaw and Budapest.

The new projects will give Ecu50m to foster private agriculture in Poland and Hungary, Ecu 25m to help Polish small business with imports, Ecu5m to help the Hungarian privatisation agency with training and preparing companies for sale to foreign bidders, and Ecu18m to encourage higher education exchanges with Poland and Hungary in the TEMPUS scheme.

Leading Germans agree to sit on Treuhand trust

SEVERAL of West Germany's best known businessmen have agreed to take part-time jobs on the supervisory board of the Treuhand, the trust body which is charged with privatising East German industry, **David Goodhart writes from Bonn.**

They include Mr Hans-Olaf Henkel, head of IBM Germany, Mr Klaus Piltz, chairman of Veba, Mr Otto Gellert, the leading consultant, and Mr Claus Köhler, a former official at the Bundesbank.

Mr Detlev Rohwedder, chairman of the West German Hoesch group, who is chairman of the supervisory board, has named six West German colleagues and one Belgian, Mr André Leysen, for the 17-person board. A further eight will come from East Germany with six being selected by the cabinet and two by the Volkskammer (parliament). Mr Günther Krause, the highly regarded State Secretary, will be one of the East German representatives.

Mr Rohwedder, who hopes that income from privatisations will start to flow this year, said that he had sought people who were ready to accept "the patriotic challenge".

He said supervisory board members would be paid only expenses. Mr Rohwedder himself will initially be working two or three days a week for the Treuhand; ordinary members may be called upon several times a month.

Belgian to be supervisor

By David Buchan in Brussels

"I LIKE to do the unforeseen and the unforeseeable," says Mr André Leysen, the Belgian businessman chosen as the only non-German to sit on the Treuhand and supervise the placing of East German industry in private hands.

"Thousands of books have been written on the supposed transition from capitalism to socialism – very few about the new route from socialism to capitalism," he notes.

In fact, this Antwerp-based tycoon has just penned some prescriptions in his latest book, called 'Europe after Communism,' in which he argues that east Europe must not now give way to unbridled capitalism, but should rather aim at a "social market economy."

The 63-year-old Mr Leysen has considerable experience of restructuring, having reorganised the De Standaard newspaper group and having sold the Belgian portion of Agfa-Gevaert.

Bringing in an outsider is clearly designed to ease concerns about pan-German monopolies developing.

But in Mr Leysen, Treuhand has in effect chosen the nearest to a German businessman that a foreigner could be.

He is chairman of Hapag-Lloyd, the Bremen-based shipping company, and sits on the boards of Bayer, BMW and Viag, the energy-based conglomerate, and also on the advisory board of the Deutsche Bank.

Havel is re-elected president

Mr Vaclav Havel, the Former dissident playwright, was re-elected as Czechoslovak president by the Federal Assembly yesterday, Reuter reports from Prague. Mr Havel, 53, was elected for a two-year term by secret ballot, winning 234 votes out of the 284 members of parliament present in the 300-member parliament. Mr Havel, the only candidate, became the first freely elected president since 1935.

Hungarian state body attacked on privatisation

By Nicholas Denton in Budapest

A STOCK MARKET controversy which threatens to set back Hungarian privatisation gathered pace yesterday when a parliamentary committee attacked the state privatisation agency for its role in last month's flotation of Ibusz.

Leading members of the Hungarian Democratic Forum, dominant party in the Government, have described the privatisation of the travel agency on the Vienna and Budapest stock exchanges as "scandalous" and the State Property Agency (SPA), which oversaw the process, as incompetent.

The criticism has marred Hungary's first privatisation by public offering, which was regarded as a model. It has caused the Ibusz share price to fall sharply from its peak, provoked a bout of nervousness on the newly-opened and still fragile Budapest Stock Exchange, and put in doubt the Government's readiness to welcome western capital.

Mr Istvan Tompe, head of the SPA, says the affair jeopardises foreign investment. "Two cases like this and all the interest in investment in Hungary will disappear," he said.

Despite the damage which has already been done, Mr Istvan Bethlen, the Forum MP who chaired yesterday's hearing, persisted in the Government's attack on the SPA.

He condemned the agency's decision to float Ibusz on the Vienna exchange, where Hungarians could not buy, and the under-pricing of the issue, which resulted in a tripling of the share price when trading began on the Vienna market. This he has described as the "selling-out of Hungarian national property." The flotation was led by Girozentrale, Austria's second largest bank.

The Government's attack on the Ibusz sell-off has become a personal assault on Mr Tompe, appointed under the Communist regime. The danger is that this will so undermine the SPA that the whole privatisation process is set back.

A perfect project goes awry on an Aegean island

Kerin Hope reports on an environmental disaster

IT SHOULD have been the perfect project for Melos, a volcanic Aegean island that attracts few tourists: a geothermal power plant pumping steam and hot water from deep underground to provide cheap electricity for homes and greenhouses.

The islanders, however, grow angry at the mention of the two megawatt pilot station at Zefiria, which overlooks a valley said to produce the best melons and tomatoes in the Cyclades archipelago. The plant, constructed by Mitsubishi Corporation of Japan, shut down last year after less than 18 months in operation following a fierce campaign by the Meliots, who claimed that constant emissions of hydrogen sulphide damaged their health, spoiled the crops and drove tourists away.

"They told us geothermal energy would make Melos a paradise, that we'd pay almost nothing and grow vegetables all year round. Nobody said anything about environmental hazards," says Mr Yannis Kyritsis, a farmer-cum-hotelier and a leading member of the island's anti-geothermal committee.

"It was a disaster. The place smelled like a cesspit. Word got out about pollution and our produce couldn't be sold. Then the one foreign company running charter flights to Melos stopped them."

"They" are the Energy Ministry and the Public Power Corporation (PPC) in Athens which decided because of the furore to delay plans to build a 100-megawatt geothermal station to be linked to the national grid through a submarine cable. The islanders say they have no faith in promises that hydrogen sulphide abatement techniques would be applied in a bigger plant.

Officials in Athens say the Meliots' reaction is unprecedented. Residents of lesser-known islands normally lobby hard for development projects.

European Diary

Greece

But tourism is now a growth industry.

Like other Cycladic islands which missed out on the tourist boom that brought wealth to Mykonos and Santorini, Melos is now sought out by Greeks and foreigners looking for a quiet stay or a reasonably priced village house to buy.

One reason for Melos remaining undeveloped was its open-cast mines. They go back to prehistoric times when the early Greeks traded obsidian, a shiny black volcanic glass found on the island. These days Melos is one of the main European sources for kaolin, perlite and bentonite.

Although mining provides several hundred jobs on Melos, the drift to Athens in the 1960s and 1970s matched that of other Cycladic islands: the population declined by one-third. The quality of the environment matters deeply to the some 3,500 people who live on Melos all year round, according to Dr Loukianos Komis, a general practitioner. "Some families left Athens to get away from pollution. Why should any of us put up with it here?"

To the PPC, the islanders' fears of environmental damage seem exaggerated, although it is admitted that an improved design would have eliminated some emissions and the need for an unsightly six-kilometre pipeline that dumped waste into the sea close to a popular beach.

Mr Anastasios Ghinis, who heads the PPC's geothermal department, says: "We tried to show that geothermal energy isn't dangerous. We offered to take a delegation from Melos to the United States to see a big geothermal plant operating next door to a large community. But they refused."

Meanwhile, the PPC has transferred its attention to Nisyros, a volcanic island in the Dodecanese chain in the eastern Aegean.

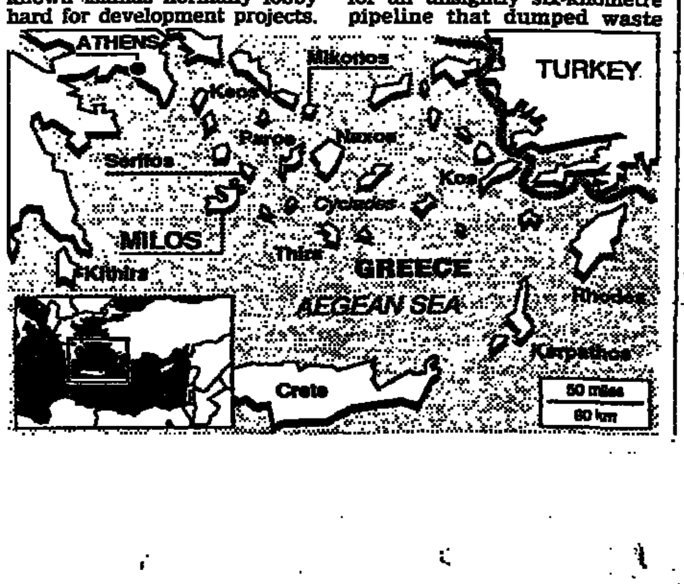
The plan is to build a 10 megawatt geothermal pilot plant in its mountainous centre and later, a bigger plant to generate power for nearby islands.

But in the opinion of ecologists, Nisyros is more environmentally fragile than Melos. It is much smaller and has only 800 inhabitants, who are starting to mobilise against the geothermal project.

Tourism is beginning to take off in Nisyros, which was mostly visited by relatives of islanders who left for the US several generations ago. The wave of emigration started earlier and was more pronounced in the Dodecanese islands than in the Cyclades.

"It's really only tourism that can make these islands economically viable.

So people get scared the foreigners will disappear, land prices will decline and their chance for prosperity will go down the drain if there's even a hint of an ecological problem," says Dr. Nikos Margaris, who teaches environmental studies at the University of the Aegean.



The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297-0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

Chancellor seeks to ease Soviet Union's fears about Nato membership

Kohl offer on troop levels in united Germany

By Mark Nicholson

BONN IS willing to negotiate limits on the size of troop levels in a united Germany, Chancellor Helmut Kohl said yesterday, in a move designed to calm Soviet fears about membership of the Atlantic alliance after unification.

But he made clear at the opening of the Nato summit in London that the forces of a united Germany should not be "singularised" in any troop reduction talks. They would be negotiable only if ceilings were discussed for all European armed forces. He said the negotiations should take place in the current round of Conventional Forces in Europe (CFE) talks.

Those talks in Vienna, between Nato and the Warsaw Pact, at present embrace only US and Soviet troop levels. Although their scope was expected to be broadened in a subsequent round of talks, commonly called CFE2, Mr Kohl's proposal opens the possibility that German and other European troop levels will be discussed in the present round.

Mr Kohl underscored the "unqualified commitment" of a united Germany to the alliance, and opened his speech with a grateful acknowledgment of Nato's historic role in pursuing the goal of unification.

He stressed that "the future Germany within the Atlantic alliance would be the stability factor which Europe needed at its centre" and implicity urged Soviet acceptance of the view that a united Germany should not be a strategically non-aligned "loose cannon" in Europe.

However, the Chancellor strongly backed President George Bush's proposal that Nato should offer Warsaw Pact countries a declaration of the alliance's peaceful intent, in the form of what he called a "pan-European renunciation of force."

German officials yesterday also stressed Nato's importance in assuring continued US influence in Europe, which they described as one of the "pillars" of European stability.

However, President François Mitterrand placed a different emphasis on the US role in Europe in his speech to the summit. He urged instead that European Community countries should be prepared to play a greater role in their own defence within Nato.

Mr Mitterrand restated France's preference for the CFE to be concluded under the broader political umbrella of the Conference on Security and Co-operation in Europe (CSCE). He opposed anything which "artificially perpetuated" bloc-to-bloc relations, which he said no longer reflected reality.

In this context he would also back a Nato declaration of non-aggression or renunciation of the first use of force. But he said he would prefer any such document to be adopted formally at the CSCE summit due later this year. The summit, for which no date has been set, will also oversee the signing of an eventual agreement in the present CFE round.

Mr Mitterrand echoed other Nato leaders in endorsing the spirit of Mr Bush's proposals to the summit, which was adopted as the working draft for the final communique yesterday.

However, there was some reported French unease at Mr Bush's proposal to refashion Nato's present "flexible response" doctrine towards the use of nuclear weapons only as a "last resort."

Nato's nuclear doctrine should be unambiguously based on deterrence, Mr Mitterrand said. "I do not think an open conflict can escape from its logical progression, namely ever greater use of arms, until the atomic bomb."

Chancellor Helmut Kohl arrives at Lancaster House yesterday for the Nato summit

Thatcher tries to persuade Nato to keep its guard high

By Philip Stephens, Political Editor

THE BRITISH Prime Minister, Mrs Margaret Thatcher, recognised at the outset yesterday the dilemma facing the Nato alliance.

The crumbling of Soviet power in eastern Europe and the virtual elimation of Moscow's potential to launch a surprise attack meant that western electorates were impatient for the promised "peace dividend," she said.

The task of the 16 alliance leaders at this week's London summit was to ensure that those legitimate aspirations were balanced by a more sober recognition that if the Soviet threat had diminished it had not disappeared. That meant accepting the risk that they would be cast in the role of "cold warriors."

Ever cautious, she insisted that "a wise man guards against the future as if it were the present." That meant that the focus of the alliance's review of its new military strategies should focus on what it needed rather than on what to discard.

But if there was little disagreement between the leaders on the need to strike a new balance it was also clear that the fulcrum for Mrs Thatcher is much closer to Nato's traditional role than for many others.

While President George Bush won support for his proposed Nato commitment that nuclear weapons would be only used as a "last resort," Mrs Thatcher warned that it must not be allowed to undercut the present alliance doctrine of "flexible response."

The Soviet Union, she said, was still building six tanks and two attack aircraft every day. All were agreed on the need to support President Mikhail Gorbachev but equally they could not ignore the continuing build-up of Soviet military might.

The caution was reflected also in her insistence that the next round of talks in Vienna on reducing conventional forces in Europe (CFE) should focus on reductions in manpower rather than additional cuts in equipment.

Similarly, Mrs Thatcher is ready to see reductions in forward-based short-range nuclear weapons, but remains vehemently opposed to the "zero" option favoured by Chancellor Helmut Kohl.

Mr Kohl's suggestion that the European forces might be included in the present round of CFE negotiations, and a proposed joint Nato/Warsaw Pact declaration of non-agression brought an equally sceptical response from the British host.

Mrs Thatcher was not isolated. President François Mitterrand – for different reasons – was hesitant about the idea of signing a joint declaration with a Warsaw Pact which is already crumbling.

Her repeated insistence that American forces must remain the pillar of the alliance's defences in central Europe is part of the conventional wisdom.

The Prime Minister has also adapted her own stance. She recognised at last month's Nato foreign ministers' meeting the need for alliance to supplement its military role with a much wider political responsibility. Yesterday, there was no mention of her staunch conviction that Germany had to be prepared to accept a new generation of air-launched nuclear missiles.

Events, however, still appear to be moving much faster than Mrs Thatcher. Today's final communique – based on a draft presented by President Bush and supported strongly by Chancellor Kohl – is expected to show that her colleagues are far less willing than she is to risk being dubbed cold warriors.

Italy plans to review pay policy as strike looms

By John Wyles in Rome

THE Italian government was last night preparing the ground for a tripartite meeting with the trade unions and representatives of private industry aimed at heading off next Wednesday's one-day general strike.

During the last three days Mr Claudio Martelli, the Socialist deputy prime minister, and senior colleagues have sounded out both sides on a proposal aimed at launching full-scale negotiations in the second half of next year on a new system for determining pay increases and reforming wage indexation in both the public and the private sectors.

Confindustria, which represents private industry, is known to have serious reservations. But the employers may have to negotiate on them for lack of broad political support for their decision to pull out of the *scala mobile* wage indexation system and to halt pay talks in the engineering and chemicals industries.

Employers in retailing and a variety of service sectors have reaffirmed their adherence to the *scala mobile* while the Socialist Party has publicly backed the trade union strike call. Moreover, the Senate is expected to pass legislation today which will prolong the *scala mobile* another year.

The employers are trying to corral the unions into a new pay bargaining system which diminishes the importance of wage indexation (the *scala mobile* compensates for about 40 per cent of the inflation rate) and relates pay increases to productivity. They also want the government to reduce their burden of social welfare payments which are among the highest in Europe.

Polish agriculture minister resigns

By Christopher Bobinski in Warsaw

MR CZESLAW JANICKI, Poland's Agriculture Minister, resigned yesterday saying behad failed to win the Government's backing for programmes designed to bolster his sector.

His resignation came during a heated parliamentary debate about an incident six days earlier when police had evicted protesting farmers from the assembly, as well as several deputies from the Agriculture Ministry. It also took place on the eve of the cabinet reshuffle in which Mr Janicki was expected to lose his post.

The minister accused farmers' unions, including Rural Solidarity, of failing "to take into account the country's difficult economic situation."

The unions are due to meet the Government tomorrow to discuss demands for minimum guaranteed farm prices. A government spokeswoman said yesterday that this would cost up to Zl 5,000bn ($516m) and that the demands were "leading up a blind alley." Farmers are threatening widespread protests on Monday if the talks fail to bring results.

Mr Janicki, a member of the Polish Peasant's Party (PSL), was brought into the Government as a result of last year's compromise whereby his grouping switched allegiance from the Communists to Solidarity in exchange for the farming portfolio.

The PSL, with around 70 seats in the 460-member parliament, is still formally a member of the ruling coalition. However, its present leadership under Mr Roman Bartoszcze this week adopted a radical stance. It has directed its deputies in today's debate to press for important changes in economic policy to favour agriculture, thus putting the grouping into opposition to the Government's International Monetary Fund-approved stabilisation programme.

Brussels and Moscow agree energy plan

By David Buchan in Brussels

BOTH the European Commission and Soviet diplomats in Brussels yesterday endorsed the idea of a Europe-wide energy community in which EC companies would help the Soviet Union exploit its oil and gas reserves.

Mr Frans Andriessen, the EC external affairs commissioner, said that "given the immense dimension of the problem (of helping the Soviet Union), we have to do it on an economical basis," such as that suggested by Prime Minister Ruud Lubbers of the Netherlands at the recent Dublin summit. Creation of the European energy community would help bind the Soviet Union and Western Europe together politically, the Dutch premier suggested.

Soviet diplomats also welcomed the Lubbers plan as according with "our vision of the solution to Europe's enerrgy problems." Pan-European co-operation would help their country improve the efficiency of extraction and consumption, they said.

Yugoslavian fabric threatens to come apart at the seams

By Laura Silber in Belgrade

YUGOSLAVIA'S biggest republic, Serbia, yesterday dissolved the regional parliament in the southern province of Kosovo and took control of the ethnic Albanian media, agencies report from Belgrade. The moves, which involved the sacking of editors at Rilindja, the Albanian language newspaper, followed a declaration of independence by ethnic Albanian deputies last Monday. Journalists said armed police had surrounded television headquarters in Pristina, the Kosovo capital.

YUGOSLAVIA'S fragile unity faces a severe challenge following the recent declarations of independence from Slovenia, the most developed republic, and the autonomous province of Kosovo, the country's poorest region.

The Slovene statement, issued by its parliament, brings the republic one step closer to defining its relations with the Yugoslav federation and could possibly lead to secession.

It says that Slovene laws should take precedence over federal laws and follows previous calls for greater autonomy by the centre-right coalition government in the republic which last April ousted the reform Communists from power. The Slovene government, determined to show that the talk about independence is more than election rhetoric, is now taking measures to legalise the sovereignty of the Slovene parliament, but has so far stopped short of secession.

The ethnic Albanian stance is less radical than the Slovene in that the Albanians are seeking autonomy within Yugoslavia.

Kosovo's 1.8m Albanians are seeking independence from Serbia, Yugoslavia's biggest republic. The Serbian authorities fear that, given increased autonomy, Albanians would seek to annex Kosovo to neighbouring Albania, which many ethnic Albanians regard as fanciful.

The Serbian authorities dismissed the province's declaration of independence on Monday as "political violence," saying it was illegal because parliament was not in session. The ethnic Albanian parliamentary deputies, who were locked out of the parliament building, declared the province's "political autonomy" on the steps outside.

But it is clear that Serbia will not permit its plans to promulgate a new constitution, which would integrate Kosovo fully into Serbia, to be blocked by the ethnic Albanians. This was confirmed yesterday when the Serbian authorities dissolved the province's parliament.

A new Serbian law, which was adopted last week, gives Yugoslavia's biggest republic carte blanche in special circumstances in Kosovo. This would include the unprecedented move whereby Serbia now has control Kosovo's laws and the use of police force.

The ethnic unrest left 60 Albanians dead in the past 18 months in protests against Serbian control of the province. But, since February, Albanian opposition leaders have appealed to the province's Albanians to refrain from demonstrations and to use political institutions to avoid bloodshed. The establishment last Sunday of a Democratic Forum has precisely this aim in mind.

This forum may become a substitute for the government, which has no popular backing among Albanians. The danger exists that, faced with reduced political options over Serbian plans to integrate the province, Albanians may take to the streets, frustrated in their quest for autonomy. Demonstrations would inevitably result in violent clashes with the Serbian police.

Working women get raw deal, says study

WOMEN workers in the European Community get less work than they want, are underpaid and are often overqualified for the jobs they do have, a study unveiled by the EC's Executive Commission yesterday showed, Reuter reports from Brussels.

Women in the EC have to take part-time jobs when they would rather work full-time and they are usually paid 25 per cent less than their male counterparts, the study reported.

EC Social Affairs Commissioner Ms Vasso Papandreou told a news conference that 2m out of 5m new jobs created in the Community from 1985 to 1988 were part-time, and that 60 per cent of them went to women.

"It is not that women actually opt for a part-time job. On the basis of our research a great majority of the women employed would prefer a full-time job," Ms Papandreou said.

"But even women who are trying to find a full-time job cannot find such a job, so they have to make do with a part-time job," she said.

France axes circumflex and hyphens

FRANCE'S language police pronounced the death sentence on the circumflex yesterday, Reuter reports from Paris.

Circumflex accents and hyphens linking many compound words will not be used in schools after 1991, adding to last month's raid on accents and dashes. The reforms affect about 1,200 words.

The circumflex is the hat-shaped accent which shortens the pronunciation of vowels. French purists are likely to launch a campaign to oppose the changes.

AMERICAN NEWS

Brazil to begin debt talks with commercial bankers

By Christina Lamb in Brasilia

BRAZIL plans to begin one-to-one talks with creditor commercial banks this month to discuss ways to reduce its foreign debt. But the Government has ruled out debt-equity swaps as a possible mechanism in the near future as detrimental to its anti-inflation push.

As a first step, Mr Jório Dalster, Brazil's chief debt negotiator, has invited 40 to 50 commercial banks to Brasília to talk individually. The banks are suspicious at what they see as an attempt to weaken the creditors' advisory committee through which negotiations are usually conducted. But Mr Dalster emphasised: "These are technical consultations, not negotiations. We want to identify the best means of debt reduction so that, when it comes to presenting a Brazilian proposal, we'll be close to what the banks want."

Of the options under study, he said: "We prefer to convert mature debt into privatisation certificates, preferably through auction, as this is non-inflationary." However, Brazil's privatisation programme has been delayed and Mr Dalster is not yet clear what discount rate will be given.

"Conversion operations are only possible when our monetary position has been really stabilised, and has stayed stable for at least three to six months," said Dr Antônio Sochaczewski, Brazilian Central Bank head of foreign exchange and international affairs.

Talks with the IMF to reach a pact on official debt, which Brazilian officials say must be a first step to renegotiating the total foreign debt of $115bn, have been delayed. Ms Zélia Cardoso, Economy Minister, said this week: "No one is saying we won't pay our debt, but our priority is internal."

Brazilian foreign exchange reserves stand at $7.5bn, the highest level in recent years, according to the Central Bank yesterday. This is apt to make foreign creditors all the more impatient with Brazil's continued undeclared moratorium on interest payments.

Brazil suspended interest payment on medium and long-term debt to private banks (around $63bn of the total) last July, after foreign exchange reserves had dropped to a low of $5.56bn. But it continued paying interest on trade lines, which are vital for financing exports and imports. These lines were worth $15.5bn at the end of 1989, according to Central Bank figures.

On taking office in March, President Fernando Collor announced that debt service payments would be limited to a maximum $5bn this year. Yesterday, Mr Dalster said this figure was "just an indicator," but added: "We cannot say reserves have increased so much that there is a new situation. Very soon, our arrears will be close to the size of our total reserves."

He pointed out that, over the next six months, the Government is to release $1.7bn of frozen remittances abroad by foreign companies, leaving reserves at a precarious level.

The Collor administration is yet to make clear its debt strategy, but is hoping its economic reforms will give Brazil a sympathetic hearing. Mr Dalster explained: "We want to end the contradiction in the way our economy was expected to work. People would complain about our subsidising exports, but we had to produce a mega-surplus on trade every year, just to service the debt. Now, instead of having the debt tail wagging the economy dog, we want to establish how much we can pay on a non-inflationary basis."

Mr Dalster, who is regarded by bankers as a formidable negotiator, said a token payment is "not presently on the table. If we are $5bn in arrears and pay $200m, what difference does it make? If token payments are signs of readiness to negotiate, well I can tell you, today that we are willing."

Hormones shown to reverse ageing process

By Alan Friedman in New York

A GENETICALLY engineered human growth hormone has been shown to reverse key aspects of the human ageing process, according to a study reported in yesterday's issue of The New England Journal of Medicine.

The study, co-ordinated by Dr Daniel Rudman, a geriatrics specialist at the Medical College of Wisconsin, follows two years of clinical trials on 21 healthy men aged between 61 and 81. It shows that the injection of human growth hormones can:

- Reduce body fat by 15 per cent.
- Strengthen and stimulate the growth of lean body mass, including muscles, by 9 per cent.
- Give skin a youthful thickness.
- Help rebuild shrunken vital organs such as the heart and kidneys.
- Increase the level of a growth-stimulating hormone in the blood to that of people under the age of 40.

Dr Rudman, while warning that the growth hormone "is not a fountain of youth," nonetheless predicted that the genetically reproduced hormone would be used in future on both a short-term and long-term basis.

The short-term use would be to strengthen the body compositions of frail and elderly patients who are facing major surgery or other medical problems that cause weakness.

Commenting on the longer term Dr Rudman said: "It is possible that some of the progressive change in body composition that occurs as we age could be slowed down by the use of the human growth hormone."

Until now the only use of genetically reproduced human growth hormone, which is made by drug companies Genentech and Eli Lilly, has been to counteract dwarfism in children.

Dr Rudman said that side-effects of the human growth hormone – such as the enlargement of the face and hands, arthritis or diabetes – depended upon the dosage used.

Other experts said more research was necessary.

"This is a very preliminary finding. We are not ready to recommend growth hormone for all of the ageing people in the world," said Dr Axel G. Feller of Chicago Medical School, a co-author of the study.

Jamaica's old guard under threat

The end of a political era is now in sight, reports Canute James

POLITICAL leadership in Jamaica, dominated for the past 20 years by two men, is facing the prospect of change. Mr Michael Manley, the Prime Minister, is ill and will be out of office for several months. There are strong indications that he will step down within the next 18 months.

Mr Edward Seaga, the opposition leader and a former Prime Minister, is locked in battle with a rebel faction of senior members of his Jamaica Labour Party.

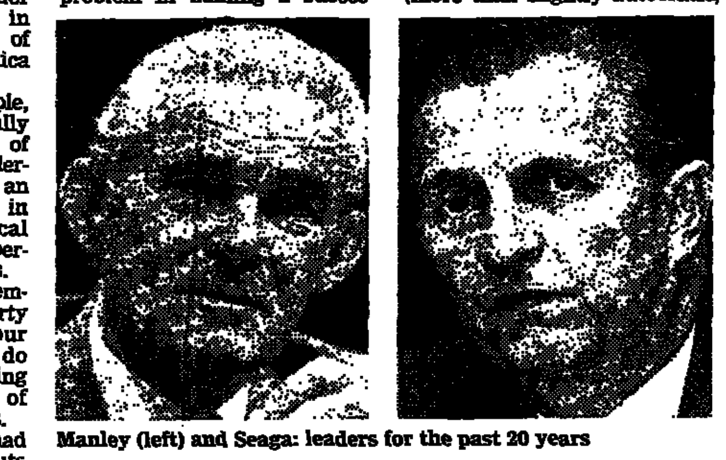
For the island of 2.3m people, where politics has traditionally been vibrant to the point of violence, any change in leadership would mark the end of an era, began in the late 1930s, in which all matters political have been built around the personality of the party leaders.

For Mr Manley's social democrat People's National Party and the conservative Labour Party, the heirs apparent do not appear capable of imposing the degree of dominance of either of the current leaders.

Mr Manley, aged 65, has had to contend with several bouts of illness over the past five years. He was scheduled to have an operation last month to remove a cancer from the prostate, but the surgery has been set back by an attack of pneumonia. The Prime Minister was rushed to a Florida hospital for treatment, and his release and return to Jamaica was delayed by more operations to remove blood clots from his leg.

The Prime Minister has now returned home but he will need prolonged rest to allow him to recover fully before the operation to remove the cancer. This suggests that Mr Manley will be unable to carry out his official duties for several months. There had been earlier suggestions that Mr Manley, who took office 16 months ago for a third, non-consecutive term, would step down before the next election, scheduled for 1994.

If Mr Manley does step down, the PNP is unlikely to have a problem in naming a successor.



Manley (left) and Seaga: leaders for the past 20 years

Mr P J Patterson, the Deputy Prime Minister, has been acting for Mr Manley since the Prime Minister was sent to hospital.

It is widely believed that Mr Patterson, if he does succeed Mr Manley, will call an early election to get his own mandate and take advantage of the lead in popular support which recent public opinion polls show the PNP to have over Labour. The PNP's prospects in such an election would be helped by the problems which have overtaken the JLP, where lines of possible succession are not so clear.

The "gang of five" senior officials who are leading the revolt against Mr Seaga, who just turned 60, emerged from a bizarre development in which "spies" were alleged to have been used to record the conversations of party officials critical of Mr Seaga. Questions within the party over Mr Seaga's style of leadership (more than slightly autocratic, say his detractors) after the loss to the PNP in last year's general election, became more searching after a poor performance in municipal elections earlier this year.

The five, apparently led by Mr Pearnel Charles, a former Transport Minister and deputy leader of the JLP, have refused to agree to unconditional support for Mr Seaga's leadership – an undertaking which party officials say is what Mr Seaga is demanding.

The annual conference of the Labour Party, held in mid-June, failed to heal the schism, which may in fact have widened. Mr Seaga accused the five of leaking information to the press. "We cannot allow some members to put themselves up by pulling the party down," he said.

Mr Seaga, who was returned unopposed as leader (the rebels refused to be nominated for any positions) said he had been elected party leader 17 times, and that there was no need for a public opinion poll to decide who should be the leader. Although the rebels have repeatedly pledged loyalty to the JLP (but not to Mr Seaga) there have been suggestions that they may eventually create their own party. This would reduce the JLP's chances of winning previously safe constituencies, but it would clarify the line of succession within the JLP. By all indications, Mr Bruce Golding, the shadow finance minister and chairman of the party, is being groomed by Mr Seaga as a successor.

Whether a healed Mr Manley or a defiant Mr Seaga remain as party leaders or are succeeded, the prize for the occupant of the Prime Minister's office is the less than attractive prospect of dealing with the troubled economy.

Although GDP growth last year was 4.5 per cent and is expected to fall only moderately to 3% this year, the immediate need is to meet quarterly performance criteria agreed with the International Monetary Fund. The Fund is now considering a request for a waiver of a condition which was not met. A change in the agreement could bring new and more difficult economic measures which would be a test for any new leader.

Brazil claims spending success

BRAZIL'S radical economic adjustment programme has succeeded in turning a deficit on public spending and revenue into a surplus, said Ms Zélia Cardoso de Mello, Economy Minister, claiming that an 8 per cent shortfall had become a 1 per cent surplus, writes Christina Lamb.

The programme relies on fiscal and monetary tightening, and on opening business to foreign competition. Inflation was cut from 84 per cent to 3 per cent a month, but it has been rising lately and the latest figure for June puts it at 11 per cent.

However, the minister insisted the plan was on course: "We will soon see a turnaround in the economy and a fall in prices. We are working on the hypothesis that inflation will fall from mid-July."

Ms Cardoso denied recent reports that the money supply was back to pre-plan levels of 24 per cent of gross domestic product. Mr Antonio Kandir, her chief policy-maker, claimed that the Government's draconian measures to control money supply, through a freeze on banked assets and savings, had succeeded and that monetary limits were on target.

"There is now only one third of the money in circulation there was when President Fernando Collor took office in March – about the equivalent of $55bn," he said.

Pacific may have warmed the earth

WEATHER CHANGES caused by unusual Pacific ocean currents may have led scientists to overestimate how much the Earth has warmed in recent decades, according to a new study, AP reports from Washington.

But global warming may have helped cause those changes in the ocean, the author says.

Mr Jim Angell of the National Oceanic and Atmospheric Administration has calculated the amount of global warming associated with El Nino events over the last couple of decades.

Subtracting the ocean effects reduces the global warming by one-fourth between the 1960s and the 1980s, according to Mr Angell's report, being published today in Geophysical Research Letters, a journal published by the American Geophysical Union.

But he cautions against quick conclusions.

It may be that part of the increase in global warming is a result of the strength of El Nino events in the 1980s, but global warming may have led to more and stronger El Ninos, Mr Angell said in a telephone interview.

Many scientists worry that increasing carbon dioxide and other gases in the atmosphere will act like a greenhouse.

Scientists have estimated that the layer of air closest to the Earth warmed by 0.33 degrees Celsius (0.59 degrees Fahrenheit) between the 1960s and the 1980s.

Argentina steps up pressure for public sector efficiency

By Gary Mead in Buenos Aires

ARGENTINA has announced a series of fresh stringency measures for the state sector, as part of a continuing programme to slash the country's fiscal deficit.

Mr Diego Estevez, Under-secretary for Public Works, has given state-owned companies 45 days from July 1 to draw up an "optimum structure" for their operations, detailing numbers of employees on the payroll and their functions.

In the second half of this year, all such companies will be expected to show operating surpluses in their budgets; if, within 60 days, the managements of the companies involved fail to show good reason for not having achieved such surpluses, they will be fired. The only exception is the railway network, Ferrocarriles Argentinos (FA), which will continue to receive Treasury support.

However, President Carlos Menem this week confirmed the existence of a World Bank proposal to re-structure the FA. According to leaked reports, this could mean the dismissal of 27,500 workers (32 per cent of the total).

FA has long been one of the greatest drains on public funds, daily losing the equivalent of almost $2m.

In the latest round of cuts, Encotel, the nationalised postal service, is to have 33 branches closed and the buildings sold for an estimated 2.2bn australs ($500,000 at current rates).

The state shipping line ELMA will have one central Buenos Aires office closed and sold.

Honduran strikes spread in anti-reform drive

By Tim Coone in Managua

A WAVE of strikes in Honduras, which began last month in the state hospitals and spread to the mail service and the country's banana plantations, is on the verge of becoming a general strike.

Most of the trade union federations yesterday threatened a general stoppage unless a rapid solution were found to the hospital dispute.

The hospital strike began three weeks ago in protest at the health sector privatisation plans of the government of President Rafael Callejas. Postal workers then stopped work when the government laid off 400 employees as part of a broader austerity programme. This was followed 12 days ago by a strike of the 11,000 plantation workers of the Tela Railroad Company, a subsidiary of the US-based United Fruit Company, who are demanding higher wages.

Other unions have since joined the strike wave as part of co-ordinated opposition to Mr Callejas's liberalising economic reforms, which have substantially increased the cost of living. The strikes have officially been declared illegal.

Senior military officers have warned that troops may be used to break strikes. The president said this week that a declaration of a state of emergency was not justified but he was due to meet military leaders yesterday.

- In neighbouring Nicaragua, the Sandinista-controlled workers' federation stepped up work-to-rule action yesterday against the US-backed government's economic reforms.

WORLD TRADE NEWS

GKN plans motor parts venture in East Germany

By Charles Leadbeater, Industrial Editor

GKN, the automotive components and industrial services group, could become one of the first British companies to enter a joint venture in East Germany.

The company, which is a supplier to Volkswagen, is involved in discussions over a joint venture in East Germany which are expected to lead to direct investment by the end of this year.

GKN's move is a reflection of the pressure which component suppliers are under to follow the major vehicle manufacturers into eastern Europe. Component suppliers are increasingly basing their relations with vehicle manufacturers on their ability to match the global spread of their operations.

Mr Trevor Bonner, head of GKN's automotive division, said: "Vehicle makers have been among the first to react to the opening up of eastern Europe, and the components industry is under pressure to do likewise. Wherever our customers are involved, we have to look for potential involvement as well."

VW has told its main component suppliers it wants to produce cars in East Germany to the same standards as its operations in Spain and West Germany. GKN also supplies Fiat which has taken the lead in investment in the Soviet Union. It is also a major supplier to Ford, which the company expects will make a move into eastern Europe shortly.

Negotiations on possible ventures in Poland, Hungary and Czechoslovakia are at an early stage and may not lead to direct investment in manufacturing facilities, Mr Bonner said. Talks on a venture in the Soviet Union are at a much earlier stage.

GKN is the first British automotive components maker to disclose plans to move into east European manufacturing but others, such as Lucas, are expected to follow soon.

The expansion into eastern Europe is part of GKN's plans to reorganise its European manufacturing sites to create a pan-European approach. To eliminate duplication, each plant will specialise in producing a component for consumption throughout Europe. At the moment, plants make a range of products for their local national markets.

Lufthansa to buy Airbus A-321 in DM2bn deal

By Paul Abrahams

Samsung 'dumped D-Rams'

By Michael Skapinker

REPRESENTATIVES of the European semiconductor industry have complained to the European Commission about alleged dumping of dynamic random access memory (D-Ram) chips by Samsung, the Korean electronics company.

The complaint follows an anti-dumping agreement reached earlier this year between the Commission and 11 Japanese D-Ram makers. The accord provided for establishing a minimum price for D-Rams sold in Europe.

The European Electronic Component Manufacturers Association (EECA) alleges that Samsung, which was not a party to the agreement, took advantage of the minimum price to dump 256 kilobit and 1 megabit D-Rams in Europe, undercutting both Japanese and European manufacturers.

Mr Eckhard Runge, EECA's secretary-general, said the alleged dumping had now stopped. Samsung is selling chips at above the minimum price agreed with the Japanese companies.

EECA wanted Samsung to become a party to the anti-dumping agreement to avoid similar problems in the future, he added, but this was unlikely to happen until next year as the Commission would first have to verify EECA's complaint against Samsung.

EECA hopes the Commission will reach a second agreement with Japanese manufacturers to prevent alleged dumping of another type of chip, erasable programmable read only mem-

Collor and Menem seek closer economic ties

By Gary Mead in Buenos Aires

BRAZILIAN President Fernando Collor de Mello arrived in Buenos Aires yesterday to give fresh impetus to a rapidly developing plan to integrate the economies of Argentina and Brazil to form a common market by 1995. President Collor and his host President Carlos Menem are due to sign 20 trade-related agreements during the two-day state visit.

The process of closer and freer economic ties was initiated in 1985 under former presidents José Sarney of Brazil and Raul Alfonsín of Argentina. In November 1988 they ratified a nuclear co-operation agreement, but the impulse for accelerated agreement has rapidly shifted pace in the last few months.

Elections last year brought both Mr Menem and Mr Collor de Mello to office. Since taking over government both have committed themselves to programmes of economic liberalisation, unlike their predecessors, and they share a determination to implement far-reaching economic changes.

At the same time, the collapse of communist governments in eastern Europe and the consequent greater competition for investment from the developed world, as well as the EC single market in 1992, are concentrating the minds of Argentina's and Brazil's governments on how best to boost the countries' chances of increased trade.

Argentine trade with Brazil ($m)

Year	Imports	Exports	Balance
1979	657	886	229
1980	1,037	765	-272
1981	880	595	-285
1982	688	568	-120
1983	657	385	-272
1984	853	511	-342
1985	548	469	-79
1986	691	698	7
1987	812	539	-273
1988	971	573	-398
1989	721	1,124	403

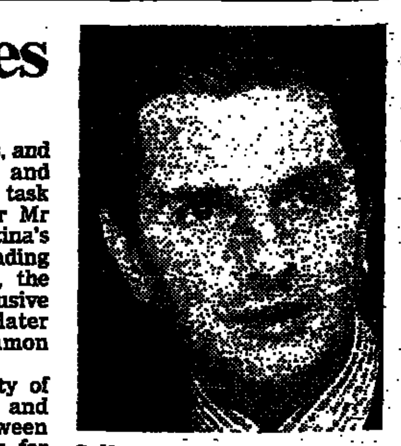
Source: INDEC, Argentine Government Statistical Office

One of the accords to be signed is the mutual reduction of tariffs and export duties on 350 manufactured goods. A long-delayed ratification of an agreement on the two countries' motor industry is expected to be signed, which provides for annual trade of 10,000 vehicles from each from 1991. It is expected that tariffs on 400 food items – double the current level – will be brought into line. Perhaps most significant of all, the two presidents, who enjoy a cordial relationship, may agree on shared representation in other international bodies besides the International Atomic Energy Agency.

In an interview yesterday in the mass-circulation daily Clarin, President Collor said Latin America "must achieve complementary economies, and in this respect Brazil and Argentina can complete a task of enormous scope." For Mr Domingo Cavallo, Argentina's Foreign Minister and a leading proponent of freer trade, the meeting has "as its exclusive objective to sooner or later progress towards a common market."

However, the 1986 treaty of integration, co-operation and development signed between Argentina and Brazil has far to go before matching the type of economic co-operation between European Community members.

Unstable domestic economies, stiff business sector resistance to reduced protectionism in both Argentina and Brazil, plus latent nationalist rivalry have meant that the Sarney-Alfonsín accord has not prevented local lobbies from continuing to exercise considerable influence against freer trade. In the run-up to the Menem-de Mello meeting local sugar producers successfully lobbied the Argentine government into taking discussion of reducing tariffs against Brazilian sugar off the agenda.



Collor (above) and Menem: planning economic integration

Ericsson offshoot wins Spanish telecoms order

By Robert Taylor in Stockholm

ERICSSON, Sweden's telecommunications group, announced yesterday that its subsidiary in Spain Intelsa has secured orders for equipment valued at SKr1bn (£93m) from the Spanish telephone company Telefonica.

This results from Telefonica are expected by Ericsson over the next two years as Spain's telecommunication system is improved in the run-up to the next Olympic Games, which will be held there in the summer of 1992.

The Swedish industry has also just won big orders for its

World trade in textiles sluggish

By Alice Rawsthorn

THE world textile industry experienced sluggish trading in the opening months of the year, with Asian producers suffering falling order books, according to the International Textile Manufacturers' Federation in Geneva.

The weaving sector was worst affected. The level of fabric production was static in the first quarter of 1990, compared industry succeeded in reducing stocks, as did the weavers in the US. But the problems of the Asian producers were aggravated by higher stocks. The Japanese industry, for instance, saw stocks rise by more than 40 per cent against the first quarter in 1989.

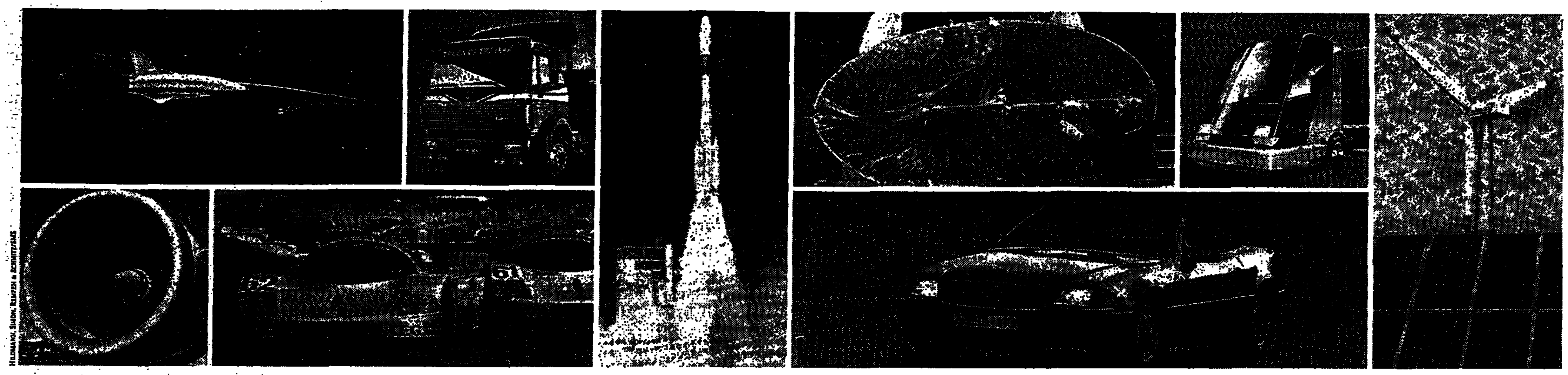
The condition of the international spinning industry was slightly healthier. The overall

The level of yarn stocks rose in Europe and the US and remained unchanged in Asia. This means that the spinning industry could be burdened by surplus stocks unless demand improves later this year.

The world textile industry is currently in an unstable state because of the uncertainty caused by the renegotiation of the Multi-Fibre Arrangement

"He who does not go forward goes backward."

Johann Wolfgang von Goethe



For Daimler-Benz, the 1980s were the best years in the history of motor vehicle manufacturing and marketing. And it is motor vehicle manufacturing and marketing that are at the very heart of the enterprise known as Daimler-Benz AG.

Yet this was also the decade that saw Daimler-Benz take an important step forward and become a diversified high-technology company. This restructuring has now been successfully completed.

Our new structure provides us with an outstanding opportunity to shape our future. We are now ready to forge ahead in a world more dynamic than at any time in recent history. One in which borders are crumbling and great industrial regions are moving ever closer together.

To strengthen our international presence, Daimler-Benz will soon be represented on the major stock markets of the world. The company's year-end 1989 financial statements have already been structured to meet international standards.

Daimler-Benz Group	1989	1988
Employees (at year-end)	368.226[1]	338.749
Domestic	298.199	268.277
Foreign	70.027	70.472
Sales (in millions of D-marks)	76.392	73.495
Domestic	29.562	29.094
Foreign	46.830	44.401
Balance Sheet Total	62.737	51.931
Non-Current Assets	20.084	17.342
Stockholders' Equity	16.966	11.323
Investments	7.620[1]	7.007
Research and Development	5.494	4.744
Personnel Expenses	23.199	22.371
Net Income	6.809[2]	1.702

[1] Including Messerschmitt-Bölkow-Blohm GmbH at year-end.

[2] Not comparable with 1988 figures because of non-recurrent income and expenses.

To meet the needs of a growing market, Daimler-Benz will invest DM 30 billion in capital spending over the next five years. Research and development investment during that same period will exceed DM 40 billion. This is the largest investment in the future ever planned by Daimler-Benz.

As a worldwide high technology company, Daimler-Benz is facing new challenges that will promote new growth and development opportunities for the company and our employees.

We at Daimler-Benz would like to thank our stockholders for the trust they have shown in the past, and for their confidence in the future of this enterprise. This confidence is a source of determination and strength – and the foundation on which Daimler-Benz will build for the 1990s.

DAIMLERBENZ

Daimler-Benz AG, Postfach 800230, D-7000 Stuttgart 80, Federal Republic of Germany

INTERNATIONAL NEWS

Japan's 10-year plan reaffirms role of individual

By Robert Thomson in Tokyo

THE Japanese Government yesterday released a 10-year plan for industrial and social development which focuses on the individual and envisages an expanded international role for the country.

Previous 10-year plans highlighted sectors such as chemical and heavy industry, but the more ambitious theme for this decade is "creating human values in the global age." The document defines the emerging responsibilities of Japan as an economic superpower.

The plan, intended as much for international consumption as for a Japanese audience, was prepared by an advisory council under the Ministry of International Trade and Industry (Miti).

While seen as a set of policy principles, the document does not commit the Government to any particular action and some recommendations merely embrace eternal truths such as the need for "the peoples of the world to recognise and accept each others' diverse value systems."

Japan will become a "new standard-bearer" for the world's economies, particularly in free trade, according to the document, which recognises that the country's growing economic might has produced mounting criticism.

"The rapid growth and increasing global influence of Japan's economy has produced a reaction of growing anxiety, even fear, in the international community. The nations of the world are becoming more critical of Japan."

To counter that trend, it is recommending the Government "help other nations to comprehend easily all aspects of Japan's systems, procedures and customs."

Before exercising more influence in international developments, the Miti document concedes, Japan must first overcome internal contradictions, such as the decline in some aspects of Japanese living standards.

"These areas include free time for Japan's citizens to achieve their full potential according to their own choices and individuality, and the opportunity to choose what to purchase and the chance to decide what price to pay."

There is a recognition that the internal tensions triggered by Japan's development could force the social fabric to unravel.

"Land poses a deep and pervasive problem which, because of increased disparity in wealth, distorts competition and saps Japan's economic vitality. The expanding bubble of land prices is a threat to stability which cannot be ignored."

The pressing issue of foreign workers filling places created by a labour shortage has been considered, but the document recommends that "short-term considerations should be avoided" - a reflection of fears that a large foreign workforce could destabilise society.

In discussing the need to improve the quality of Japanese life, there is a significant overlap between the Miti vision and US demands in the just-completed Structural Impediments Initiative (SII), which was intended to reduce Japan's \$49bn (£28.48bn) bilateral trade surplus.

The Miti document emphasises, as did US negotiators, the importance of increasing public investment, of catering to consumer needs, of reforming land-use policies, *and of improving the country's* distribution system.

Miti represents the interests of Japanese industry, but its document questions whether earlier preoccupations with industrial might has led to *neglect of the needs of* ordinary Japanese.

In future, greater consideration had to be given to the quality of human life in all policy areas. In other words Japan must adopt "human-oriented international trade and industrial policies."

That aim has provided Miti with the licence to recommend an improvement in the status of women by building, for example, "a social framework that enables men and women to co-operate and share domestic tasks."

As with many other suggestions in the document, the intention is good, but the reality of such a role-reversal is likely to take far longer than a decade.

Kidnap chief returns to Lebanon after row in Iran

THE MAN believed to be behind the abduction of most Western hostages in Lebanon has fallen out with Iran, Reuter writes from Beirut. Moslem fundamentalists said yesterday Mr Imad Moughneyeh, a founder of the underground Islamic Jihad group, had moved back to Lebanon from Iran *because of* intense pressure in Tehran to free hostages and improve links with the West.

Mr Moughneyeh's group is thought to hold most of the 15 Western hostages in Lebanon, including an American, Mr Terry Anderson, the longest-held Western captive, seized in May, 1985.

Mr Robert Polhill and Mr Frank Reed, both Americans, were released during April in what their pro-Iranian captors described as goodwill gestures.

Iran and Syria were heavily involved in winning the hostages' freedom.

"Imad and the people with him did not want to free the two Americans for nothing. They were pressed by the Iranians and, in the end, had to give in," a Shia Moslem source told Reuters in Beirut. "But Imad didn't like it and left his headquarters in Tehran to show his discontent," he said. "The (kidnappers)... *want Iran to treat them as* partners, not as tools."

He said tension between Mr Moughneyeh and the Iranians had started early this year when he learned of an Iranian decision to win freedom for the hostages to improve Iran's image in the West and receive much-needed economic aid.

Mr Moughneyeh insists that the western hostages should be released only after a deal has been struck to ensure freedom for 15 Shia prisoners in Kuwait and hundreds of Lebanese and Palestinians in *jails* in *Israel* and parts of south Lebanon controlled by Israel.

Toshiki Kaifu: to speak for Asia

Tokyo to take lone stand at Houston summit

By Stefan Wagstyl in Tokyo

JAPAN'S efforts to carve a more independent international role for itself will come under pressure at the Houston summit next week when it will stand alone on two of the most important issues – aid for the Soviet Union and improving relations with China.

Mr Toshiki Kaifu, the Prime Minister, and his advisers will attempt to paper over differences between Japan and other members of the Group of Seven leading industrialised countries. They will point out that Japan stands solidly with the US and Europe on other items on the summit agenda – including aid for eastern Europe.

"I don't think you can say we are isolated," a senior Ministry of Foreign Affairs official said yesterday.

There are significant disagreements among other G-7 countries over both the Soviet Union and China, but in each case Japan's position is markedly different.

Relations with Moscow have been soured since 1945 by a dispute over islands north of Japan, seized by the Soviets in the last days of the Second World War.

Japanese officials see Soviet leader Mikhail Gorbachev's need for aid as an opportunity to settle the territorial row.

They have been encouraged by comments from Soviet officials suggesting possible solutions, including the return of some of the disputed islands.

Japan also hopes Mr Gorbachev will make a peace offer before a visit early next year. But Mr Gorbachev said as recently as April that the Soviet Union had "no territory to spare."

Mr Kaifu will argue at the summit that Japan's assistance to the Soviet Union should be limited to technical help, such as sending expert missions. It will not pledge financial aid until the territorial dispute is settled. A senior official warned: "We will not separate the economic and the political."

By contrast, EC leaders recently agreed to study a West German inspired plan for a \$15bn (£8.72bn) aid package for the Soviet Union.

Japanese officials take comfort from the *fact* that the package is strongly supported only by continental European countries. *Britain and* the US believe it could be premature in view of Soviet economic uncertainties.

Nevertheless, Japan is alone in expressing outright opposition to financial aid.

The likely result at Houston is an agreement which will allow countries to follow their own course.

On China, the positions are reversed, with Japan pressing hardest for an improvement in relations.

Japan is asking G-7 countries to lift economic *sanctions, including a ban* on financial aid, imposed at last year's summit following China's military crackdown on student demonstrations.

Tokyo's relations with China have been closer than some other countries, *including the US, and it* argues that, as an Asian power, Japan has a special understanding of China.

Senior politicians have visited China and have hosted reciprocal visits, including this week's tour by Li Tieying, the deputy prime minister. Mr Kaifu is widely expected to *announce a resumption of Japanese* aid soon after the summit.

The issue cannot be fudged as easily as that for the Soviet Union, as at last year's summit the G-7 countries took a united stand on China and the EC has already delayed a decision on *sanctions until September.*

Japan's hope is that Britain, with Hong Kong's interests in mind, will also promote conciliatory attitudes.

As in previous summits, Japan intends to speak for Asia. Changes in east-west relations enhance the signif*icance of this; Asian countries* are determined their interests will not be neglected as the attention of most G-7 countries focuses on eastern Europe.

On trade issues, Japan will want discussions to be as general as possible. Officials are worried that specific *talks* will raise Japan's ban on rice imports.

The Japanese Agriculture Ministry said yesterday that the leaders would limit themselves to a commitment to the success of the Uruguay Round of trade liberalisation talks under the General Agreement on Tariffs and Trade.

Nairobi defends crackdown on critics

By Julian Ozanne in Nairobi

PROFESSOR George Saitoti, Kenya's Vice President and Minister for Finance, yesterday defended the crackdown on the opposition as security police detained nine more people identified with a wave of criticism of President Daniel arap Moi's regime.

Among the nine picked up by security police yesterday were Mr Raila Odinga, son of former Vice President Oginga Odinga, Mr John Khaminwa, Mr Rubia's lawyer, Gitobu Imanyara, editor of the controversial Nairobi Law Monthly, and five employees of Mr Matiba.

In an interview Prof Saitoti said the government was forced to detain Mr Kenneth Matiba and Mr Charles Rubia, the country's main opposition leaders, because they were plotting to overthrow the government and assassinate ministers and were inciting workers to strike.

He also said that if the two men had not been arrested, a planned political rally in Nairobi on Saturday would have ended in violence. Speakers at the rally, banned by the government, were to have dis*cussed the merits of the* multi-party system.

"If we allowed the situation to continue it would have got out of order and private property would have been destroyed like in 1982 (when an abortive coup was accompanied by looting in central Nairobi), the safety of tourists would have threatened and the economy and investors affected," he said.

"You cannot allow a situation of anarchy to develop, which was what these people were trying to drive us into. We have been pushed too far."

Police were yesterday camped outside the homes of three other political critics, Mr Gibson Kamau Kuria, Kenya's most prominent human rights lawyer and former detainee, Mr Paul Muite, the lawyer acting for Mr Matiba, and the Rev Peter Njenga, the Provost of All Saints Cathedral, Nairobi.

Under a constitutional amendment of 1988 the police are empowered to hold people for up to 14 days before bringing them to court.

Chinese group cuts Macao airport stake

By John Elliott in Macao

A CONSORTIUM of Chinese companies has been forced to cut its proposed one-third equity stake in a new international airport being built in the Portuguese enclave of Macao, because of China's foreign exchange crisis.

The consortium, known as Cheong Lun, has been unable to raise 200m pataca (£14.14m) due this year in the second stage of its planned capital stake in the airport, which will cost between 3.5bn and 4bn pataca with total capital of 1.5bn pataca.

The group has also failed to meet delivery schedules for ballast needed for reclamation work.

But China's authorities are organising fresh funds and supplies from other mainland companies and allied interests in Macao. Mr Luis Vasconcelos, the enclave's secretary for major projects, said yesterday that the single-runway airport was still on schedule to open at the end of 1993.

The airport will have immigration facilities for both China and Macao and is expected to handle 3m passengers annually within a couple of years of opening. It will boost the enclave's economy, which returns to Peking's control in 1999.

A new airline, Air Macao, is being launched to operate from the airport.

If it opens on time, the complex will be three to four years ahead of Hong Kong's proposed Chek Lap Kok airport.

China pledged its backing for the Macao venture three years ago and cancelled plans for a rival airport in the adjacent special economic zone of Zhuhai.

"We had to have China's approval because, in addition to finance, we need sand and rock from them for reclamation and we need to use their air space," Mr Vasconcelos said.

Construction work has begun. A 1.2bn pataca contract for a 3km runway in the Pearl River estuary, to be built on piles and reclaimed land, is expected to be finalised soon with a Portuguese-Italian-Dutch consortium comprising Ballast-Nedam, Construcoes Techicas and Condotte.

Other partners in the airport are the Macao Government and STDM, the local flagship company of Mr Stanley Ho, a casino tycoon.

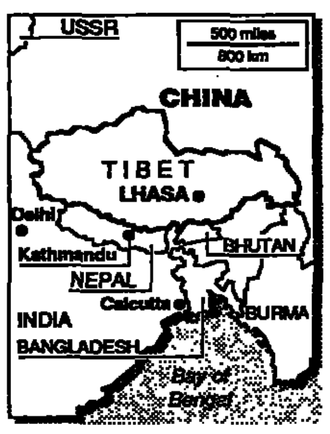
Tibet's dispossessed look to E Europe

Colina MacDougall and **Peter Ellingsen** on lessons influencing a drive for independence

THE FIRST international political conference on Tibet, opening in London today, will focus on the country's colonisation by China, its strategic position in the Himalayas and the scope for winning support for self-determination.

Delegates from 40 countries – including senior figures from the US and Asia – will be at the meeting, organised by the human rights group International Alert. Tenzin Tethong, the new Minister for International Relations in the Dalai Lama's government-in-exile in India, will also attend.

Speakers will include Mr Ivan Havel, brother of President Vaclav Havel of Czechoslovakia, and Mr Dainis Ivans, first deputy chairman of the Supreme Council of Latvia. The experience of the Baltic *states within the Soviet Union* and of east European countries generally is seen as relevant to Tibet, which was effectively independent until occupied by Chinese troops in 1950.



International concern is growing that Tibet's unique culture is being swamped by Chinese immigration and that benefits of modernisation in the territory go to ethnic Chi*nese settlers, not the indige*nous people.

On top of that, the killing and torture of pro-independence protesters, especially since the start of open demonstrations in 1987, have infringed human rights.

Alarmed at the trend, the Dalai Lama, the spiritual leader who fled to India in 1959 after an anti-Chinese uprising in Lhasa, called in 1987 for talks with Peking. These were designed to halt Chinese immigration and lead to a measure of independence.

Initially Peking seemed receptive to discussions, but the Tiananmen Square massacre and the advent of a tougher policy line froze the initiative.

The Lhasa demonstration of March 1989 ended with the imposition of martial law and hundreds of summary arrests. While martial law was lifted in May, the Chinese presence in Lhasa has been reinforced, new restrictions have been imposed and much of the old Tibetan city knocked down.

In the case of the Potala, the palace where the Dalai Lama once lived, the damage is minor, according to foreign visitors. But in the Barkhor, an ancient maze surrounding the seventh century Jokhang, Tibetan Buddhism's most revered temple, whole buildings have been razed and imitations built.

Journalists and most categories of foreigners have been banned from Tibet since March 1989. Peking claims Lhasa is now "stable" following the lifting of martial law, but reports of arrests continue to leak out.

Visitors said a considerable, though not overwhelming, security presence was obvious in the capital.

In the wake of last year's demonstrations Peking dismissed the head of government, Dorje Cering, who had been ill and was thought ineffective in containing unrest.

While real power lies with party chief Hu Jintao, an ethnic Chinese and former boss of the Communist Youth League, the new governor, Gyaltsen Norbu, is considered a hardliner, politically close to Qiao Shi, the Politburo member in charge of security.

South Africa entering a 'light recession'

By Patti Waldmeir and Philip Gawith in Johannesburg

THE South African economy has entered a "light recession" and there may well be negative growth for the current year, the South African Reserve Bank (central bank) says in its latest quarterly bulletin.

Real gross domestic product in the first quarter of this year is estimated to have contracted at an annualised rate of 1.5 per cent, following a similar decline in the fourth quarter of 1989. This was due to a drop in real value added in agriculture, and substantial declines in physical output in the mining industry, particularly gold.

The bank says current evidence does not suggest a "major weakening of business conditions or an abrupt downward adjustment of economic activity". But the rate at which the economy is cooling could accelerate, it says, given downward trends in net new company registrations and wholesale and retail sales.

The slowdown in the rate of new bank credit extension to the private sector and fragility in business and consumer confidence also pointed to a further downward trend.

Progress was made in bringing down most inflation rates, though little headway in reducing consumer price inflation.

A significant recovery in merchandise export earnings and a substantial decline in net service and transfer payments to foreigners offset a fall in the value of net gold exports to widen the surplus on the balance of payments on current account, which stood at R5.6bn (£1.22bn) in the first quarter of 1990.

There was a "dramatic improvement" in the capital account of the balance of payments in the first quarter, leading to a strengthening in foreign reserves, though reserves fell back moderately in April and May. Gross gold and foreign reserves at the end of March 1990 were R7.8bn.

Terrorism stalks Assam's tea gardens

By Gita Piramel in Bombay

THE gentle slopes of Assam's tea gardens have become the scene of a deadly tug-of-war between the United Liberation Front of Assam (Ulfa), a terrorist secessionist group and some of India's biggest tea companies.

Ulfa, which virtually runs a parallel government in large parts of Assam, has demanded Rs500,000 (£16,000) protection money from each tea garden in Assam. Through an official statement made by the Indian Tea Association (ITA), the tea companies which received the ultimatum have announced that they will not give in to Ulfa threats. They have asked the central and the state governments for protection in the isolated far-flung tea plantations.

The danger is very real given Ulfa's past record which includes the murder of Mr Surendra Paul, a prominent Calcutta-based industrialist. Mr Paul was shot on April 9, during a visit to his company's tea gardens in upper Assam. Ulfa acknowledged responsibility for the murder late last month.

According to official reports, Ulfa has claimed responsibility for the deaths of 90 people since it was formed in 1979, although unofficial figures may be as high as 300.

The money collected through such kidnappings has been used partly to build roads and social welfare programmes. These activities, along with a *ruthless drive against hooch* (illicit alcohol), has won Ulfa considerable public sympathy among the local Assamese who feel that the state government, the oil industry and the tea companies have taken money out of Assam without ploughing some of the profits into much needed infrastructure development.

In a bid to blunt this latent hostility, several tea companies with plantations in Assam have recently announced investments in the state. The BM Khaitan group, for example, which directly and indirectly controls 10 per cent of the total tea production in India, has drawn up plans for a school and a motel chain to be located in Assam. The foundation stone for the Rs 180m Assam Valley school was laid in mid-February while possible sites for the motel chain are being considered.

Ulfa clearly does not consider such sops sufficient. The current demand on the tea companies was preceded by an Ulfa letter inviting them to a meeting on June 11 to discuss "the active participation of the tea industry in the economic development of Assam". The letter made clear that failure "to honour our request (to attend) will bound us to take action according to our constitution".

Apart from the money, Ulfa wants tea companies to shift their registered offices to Assam, to hire more Assamese as managers and staff and to transfer non-Assamese employees to offices outside the state.

It is not known which tea companies attended the meeting, but certainly some of them did. Until June 21, the ITA had refused to acknowledge that such a meeting had been held at all.

Though the tea companies insist that they will not give in to Ulfa's threats, a recent editorial in the Economic Times said that a few tea gardens have been buying peace with Ulfa for quite some time.

Ironically, this has been the Indian tea industry's best year in terms of production and exports. The year's crop is expected to be 740m kg or 28m kg higher than the previous record of 702.81m kgs achieved in 1988-89. Exports for the first time crossed the Rs 10bn mark. Assam tea accounted for nearly 60 per cent of the exports.

Zimbabwe belatedly loosens government economic controls

A new structural adjustment programme offers hope of stronger investment and steadier growth, writes **Julian Borger**

THE ZIMBABWE government's belated adoption of a structural adjustment programme, announced yesterday by Mr Bernard Chidzero, the *Finance Minister*, marks the most fundamental policy shift since independence a decade ago.

Whether the new strategy, involving trade liberalisation, reduction in the budget deficit from 12 per cent of GDP last year to no more than 9 per cent and possibly lower, export incentives, and further lifting of price controls, will be put into practice, remains to be seen.

But in theory at least, it involves the gradual dismantling of a system drawn up during the pre-independence era, and based on a combination of import and price controls and government allocation of foreign currency.

The key area of government influence has been foreign currency allocations, which among other things allowed it to operate a policy of import compression from 1982-87. This in turn enabled it to meet a hump of external debt repayments and to bring the country's debt service ratio down to 22 per cent, compared to 28 per cent five years ago.

Chidzero: new trade measures

Zimbabwe has approved a long-awaited package of economic reforms designed to encourage investment and stimulate growth through a series of liberalisation measures, writes Julian Borger in Harare.

The announcement was made yesterday by Mr Bernard Chidzero, the Finance Minister. He declined to spell out the structural adjustment programme in detail, saying that this would be done on or about budget day on July 26.

But he said the programme would centre on *trade liberalisation, and* would be phased in over five years.

Mr Chidzero said several measures would be introduced simultaneously to reduce the state's role in the economy. The budget deficit would be reduced partly by a cut in the subsidies to state-owned corporations, and there would be a review of controls on prices and wages.

The cost of this policy has been a persistently low level of investment. Business will not put local resources into building new factories if they are uncertain whether they will be *able to import the machinery* and raw materials they need to fill them.

As a result, total investment, (currently estimated at only 15 per cent of GDP) has, for years, been running at the minimum *level necessary to keep up with* depreciation.

Many Zimbabwean factories are working museums of industrial plant, 20-30 years old on average, which are increasingly costly to keep running.

As a consequence of this low level of investment, economic growth rates over the eighties have been erratic, reflecting *the vagaries of the weather* and world prices for the three principal exports – gold, tobacco and ferroalloys.

After an average rate of 2 per cent between 1983 and 1987 – below the population growth *rate of at least 3 per cent* – GDP growth picked up in 1988 and 1989 (to 5.3 per cent and 4 per cent respectively). But this was due mainly to bumper tobacco harvests and generally buoyant world mineral prices.

To sustain this level of growth, economists believe the share of investment in GDP has to rise to 25 per cent.

Over the last few years a series of piecemeal measures has been introduced in an effort to improve the investment performance. Zimbabwe has joined the World Bank's Multilateral Investment Guar*antee Agency (MIGA) and last* month signed its first such bilateral agreement under the US Overseas Private Investment Corporation (OPIC), which will insure US investors against political risk.

To increase the flow of foreign exchange, a series of export incentives have been established, including an Export Revolving Fund (ERF). According to a World Bank report, however, the ERF, by strictly limiting foreign currency allocations to inputs required for specific export *orders, has crowded* out funds that could have been used for spares and a general overhaul of the country's capital stock.

A one-stop investment centre was set up in July last year, in an attempt to reduce some of the bureaucratic barriers to new projects.

According to its director, Mr Richard Wilde, the centre has approved 100 projects worth Z\$600 million (\$246 million), three-quarters of them in manufacturing, in its first year of *operation.*

But critics of the centre argue that it is not in a position to meet its promised 90-day deadline for investment approval in the case of large projects, and that its authority *is reduced by committees in* the Finance and Industry ministries, whose approval is still required for any project with a foreign-exchange element.

It is expected that the centre's staff will now be beefed up, while a selective range of capital goods will be placed on the Open General Import *License, (OGIL), which allows* businesses to buy as much as they want of a listed product. This list will be expanded over the five years of the programme.

The consequent surge in imports will be financed initially by foreign borrowing, including a Z\$300 million (US\$123 million) loan already agreed with the African Development Bank, and a World Bank structural adjustment loan presently being negotiated. Ultimately, it is hoped that the programme will become self-sustaining through increased exports.

What is not known is how far Mr Chidzero will be allowed to tamper with the existing *regime of controls on domestic* prices and wages, especially after a recent wave of strikes.

Last month Mr Kumbirai Kangai, the Minister of Industry and Commerce, declared that the forthcoming adjust*ment programme* "would not mean that we will remove controls on essential commodities and consumer durables which are in short supply."

Labour Minister John Nkomo has stipulated that annual wage increases from July 1 would have to be at least 10 per cent, and the private sector still does not have the power to sack their workers without government authority.

There is confidence among local and foreign economists however, that if the govern*ment is sufficiently determined* to push through a complete integrated reform programme, investment will be quick to respond, and that the country has sufficient managerial and entrepreneurial resources to use the opportunity to knock Zimbabwean industry into competitive shape as the protectionist wall begins to lift.

The IMF, assuming the successful implementation of the reforms, has projected an annual growth rate of 5.6 per cent over the next five years.

Any one of several developments, however, could jeopardise the liberalisation programme. A resurgence of strikes, the creation of a one-party state and the possible impact of the *AIDS* epidemic, for among the worst hit are the urban professionals, who would play a key role in the economic programme.

UK NEWS

Yuri Butchenko adds to pressure on UK miners' leader Arthur Scargill

Soviet miners demand return of aid

By Michael Smith, Labour Correspondent

A SOVIET trade union leader yesterday called for the return of up to £10m which he said was collected in his country for British miners during the 1984-5 pits strike.

The comments by Mr Yuri Butchenko, an executive member of the Siberian-based Kuzbass Union of Workers, added to the controversy surrounding the handling of finances by Mr Arthur Scargill, president of the Nation Union of Mineworkers, during the strike.

An inquiry by Mr Gavin Lightman QC, published this week said that at least £1m of Soviet money intended for mineworkers and their families had been diverted to the International Miners' Organisation, an organisation which Mr Scargill helped to set up.

Mr Lightman was unable to be more specific, partly because the IMO, of which Mr Scargill is president, refused to provide financial details of its accounts.

Arthur Scargill

The NUM has launched an attempt to recover more than £2m of funds, including money donated by Soviet citizens, from the IMO. Executive members plan to meet Mr Lightman next week to seek advice on the best way of going about this.

Mr Lightman said in his inquiry, submitted to the NUM national executive, that he believed a deposit of about £1.4m in a fund controlled by Mr Scargill and the IMO had come from donations from Soviet workers and east European countries.

Separately, the Certification Office for trade unions disclosed yesterday that it has sent a reminder to the NUM to submit its annual accounts up to December last year, which are now more than five months late.

Mr Matthew Wake, the Certification Officer for Trade Union and Employers' Associations, was last sent the NUM financial returns last year. However, a delay of more than the statutory limit of five months is not unusual.

Mr Butchenko, speaking at a press conference in London organised by the breakaway Union of Democratic Mineworkers, said each of the 3m Soviet miners and many other workers had contributed a day's pay for the strike and this would have raised between £3.6m and £10m, depending on exchange rates.

The money should be returned, he said, because it never reached the families for whom it was intended. The Soviet unions would then be able to distribute it "as they saw fit."

Mr Butchenko is head of the international department at the Kuzbass Union, which was set up last year, as an alternative to the official trade unions. He said it had had 20,000 members and one million supporters, about a third of them miners.

He said the Lightman report would have serious consequences in his own country because it showed that "official trade unions, just as Comrade Scargill, were not interested in rank and file miners."

Major rules out cut in interest rates

By David Barchard, Michael Cassell and Rachel Johnson

INTEREST RATES will have to stay high because the volume of credit in the economy remains excessive, Mr John Major, the Chancellor of the Exchequer, said yesterday.

In exchanges in the House of Commons which gave no hint that the Government intended to relax its high interest rate policy, Mr Major said he was still concerned about the level of credit. His remarks came as an independent report warned that consumer debt was becoming an increasingly serious problem and posed a growing threat to suppliers of consumer goods and services. Signal International, a new consumer research specialist, said that instead of high interest rates slowing down consumer spending, many debtors in the 25 to 44 age group were borrowing more heavily in order to spend more.

In spite of Mr Major's concern, he again ruled out the possibility of special deposits by banks aimed at restricting credit lending.

The Chancellor warned that there was "a very realistic danger" that bank deposits could drive up short-term interest rates further, rather than help reduce them.

More than half of 239 companies questioned by the Confederation of British Industry expect to spend more this year developing and researching new products, writes Andrew Taylor. Four out of ten firms however fear that increased expenditure will be less than adequate to meet future competition said the CBI, the employers' association. Mr John Banham, director general of the CBI said: " Much more needs to be done to bridge the innovation gap with our main competitors in West Germany, Japan and the United States. "Britain will find it difficult to improve its share of world markets unless more Uk firms boost their investment in innovation. Innovation is the key to tackling the balance of payments deficit and curing our inflationary tendencies."

He rejected accusations from the opposition Labour Party that the Government's reliance on high interest rates to reduce inflation was failing.

He also faced claims by some Tory MPs that credit was running out of control.

Last month Mr Major attacked some credit marketing practices and warned that banks and building societies could face restrictions if their proposed, voluntary code on marketing credit was not effective. The code is due to be introduced early next year.

Mr Major's remarks yesterday helped drive UK shares and government gilt-edged securities lower. The FT-SE 100 share index closed 24.1 down at 2,331.4, while gilts were also affected by the prospect that interest rates would remain high until domestic credit expansion could be controlled.

Mr Roger Bootle, UK economist at Greenwell Montagu, said the markets' euphoria about sterling joining the exchange rate mechanism of the European Monetary System was a "fool's paradise" given the UK's economic fundamentals.

Sterling futures fell on the Chancellor's remarks, but the pound ended on its trade-weighted index at 92.7, unchanged against its previous close.

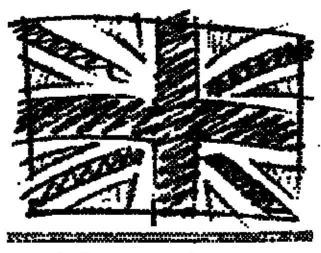
Mr Alan Charlesworth, chief executive of the Signal research group and one of the report's authors, said: "Money is too easy to get hold of. People are not adjusting their lifestyles to their new circumstances and time is running out for them."

According to the Signal survey, people in the 25-44 age group are spending increasing amounts on leisure activities, including eating and drinking, much of it financed by borrowing. Spending on eating out and drinking has risen by over 20 per cent in the period surveyed in the report.

Signal argues that a whole range of industries, from banks and building societies, to the leisure industries, clothing, and do-it-yourself face serious risks because of unsustainable consumer borrowing.

"Life After Debt": Signal International Ltd, 115/116 Newgate Street, London EC1A 7AE; price £1,000.

BRITAIN IN BRIEF



Elf to buy British arm of Amoco

Elf Aquitaine, the French state-controlled oil group, yesterday announced it had completed six months of negotiations to buy the British refining and marketing interests of Amoco, the US oil company.

The deal, for which no price is disclosed, brings to Elf 200 service stations, doubling its share of British petrol distribution to 4.2 per cent. It also includes a 70 per cent interest in a 100,000 barrel per day refinery and coastal terminal at Milford Haven in southern Wales, plus a pipeline from the terminal to Kingsbury and Cadishead in the central and northern UK.

Amoco said the sale was in line with its strategy of divesting its non-US refining and refined products marketing activities. The deal does not include Amoco's UK synthetic fibres operations, nor other British offshoots active in exploration and chemicals.

Tough criteria for franchises

THE British Franchise Association yesterday unveiled tougher new membership criteria as a step towards preventing abuses which have damaged the industry's image.

The new rules are the first stage in a programme which will soon require members to re-apply each year for accreditation with the association and introduce a disciplinary code. The code may force some members to leave the association.

Franchising – individuals running their own business within a framework laid down by the franchisor – has grown rapidly in recent years.

Party unveils 'revolution'

Plans for a "peaceful revolution" of constitutional reforms, including replacing the House of Lords, home-rule for Scotland and Wales and a Supreme Court were unveiled by the Liberal Democrats.

The party said its package – titled "We the People" – was the first time a British political party had published either an illustrative written constitution or a timetable for reform.

Mr Paddy Ashdown, Liberal Democrat leader, said: "Britain is now the most centralised and least democratic nation within Western Europe. And, on current trends, the emerging democracies of central Europe will soon also overtake us."

His party's programme would seen a considerable decrease in the role of Parliament. Power would be transfered upwards to the European Community and down to 9-12 new English regions.

Ashdown: plans revolution

Airport profits at Manchester

Manchester Airport announced a 9.5 per cent increase in pre-tax profits for the year ending March 31 from £40m to £43.8m on turnover of £118.3m (£107.6).

The number of passengers using the airport, which is owned by Manchester City Council and nine neighbouring councils, increased from 10m in 1988 to 11m last year. The airport has experienced a rapid increase in the number of passengers over the last decade – in 1979 it handled 3.5m passengers.

Mr Thompson attacked a recent survey of airport charges by TM Economics, a London-based consultancy. The survey suggested that Manchester Airport was the third most expensive airport in the world after Tokyo and Newark, New Jersey.

Mr Thompson said the results of the survey were very strange and that his staff were looking closely at the methodology used in its preparation. He added that he believed his airport to be one of the least expensive in the country. He is considering legal action against TM Economics.

Expansion in Scotland

Almost three quarters of small to medium sized companies *in Scotland plan to expand* over the next 12 months despite worries about high interest rates, according to a survey published yesterday.

The survey of 300 mostly private businesses, with turnovers ranging from £350,000 to £12m a year, was organised by 3i, the venture capital group, and the magazine Scottish Business Insider.

3i said: "It appears that companies in Scotland are more optimistic than in other parts of the country. One reason for this might be that the Scottish economy has not overheated as much as southern England."

New car sales plunge 18.3%

UK new car sales plunged by 18.3 per cent in June to 142,697, accelerating the recession in the UK vehicle market, which began in the final months of last year.

New car registrations in the first six months were 10.9 per cent lower than a year ago according to figures released yesterday by the Society of Motor Manufacturers and Traders. After five years of record sales new car demand has dropped sharply this year in the face of continuing high interest rates and the slow-down in the UK economy.

At the same time sales of commercial vehicles have dropped even more sharply with registrations in June 22.3 per cent lower and in the first six months 16.3 per cent lower than a year ago.

Sorema plans UK subsidiary

Sorema Reinsurance, one of France's largest reinsurance companies is to set up a British subsidiary, subject to approval from the Department of Trade and Industry.

The new London-based company, Sorema (UK) Reinsurance, will have an capital of £30m, financed by an injection of FF500m into Sorema by its parent, Groupama.

Justice system 'facing crisis'

Britain's criminal justice system may still be facing a crisis of confidence in spite of recent improvements Mr Allan Green QC, the Director

Green: crisis of confidence

of Public Prosecutions indicated yesterday.

He told a seminar in London: "There are cases in which for one reason or another a defendant is wrongly convicted.

"It is to this last situation that the phrase 'miscarriage of justice' is most generally applied. And we must undoubtedly do all we reasonably can to ensure that such miscarriages of justice do not occur."

Mr Green emphasised that a distinction should be drawn between a crisis of confidence, "if it exists" and shortcomings in the system itself.

He made no reference to any specific cases but referred to the Police and Criminal Evidence Act 1984 and the Prosecution of Offences Act 1985 as among changes he believed had improved the criminal justice system.

UK police chiefs press for central link with Europe

By Jimmy Burns

BRITAIN'S police chiefs are pressing ahead with plans to set up a national criminal intelligence agency with the twin aims of improving their current record on crime prevention and co-ordination with *other police forces in Europe*.

A meeting of the Association of Chief Police Officers (ACPO) is next week expected to approve proposals that would reduce the current number of regional crime squads from nine to five and concentrate greater powers in the Metropolitan Police in London.

On Wednesday, the Home *Secretary* Mr David Waddington told the House of Commons Home Affairs Committee that he was not persuaded there was a case for Britain's more than fifty separate territorial police forces to be re-organised into one national police force as favoured in other parts of Europe.

However senior police chiefs see *next's* week *move as a* potentially radical step towards greater centralisation. The current defused structure of Britain's police was *critic*ised on Wednesday by both Conservative and Labour MP's as inefficient and lacking credibility. *It has* previously come under fire from academics and European police officers.

The regional crime squads, employing 1,200 officers, co-operate in investigating serious crimes such as murder, fraud, and drugs offences across Britain. Counter-terrorism is the responsibility of Special Branch, based at the Scotland Yard headquarters of the Metropolitan Police, and other agencies.

Current plans being considered by senior police chiefs envisage linking five regional crime squads to a national *intelligence computer* which would be able to speed up the exchange of data with other European police forces.

The re-structured regional crime squads are seen as having a potentially more ambitious role as the back-bone of a criminal intelligence agency which could centralise a number of separate police opera*tional units such as Special* Branch.

Debate within Britain about the police force's future has been *quickening* in recent months in anticipation of the lifting of European border controls prior to 1992.

The majority of European states have a centralised police structure under the control of a Ministry of the Interior. Last month five EC member states: Holland, Belgium, Luxembourg, France, and West Germany, signed the Schengen Convention on cross-border security co-operation, which included the setting up of a central intelligence collection agency based in Strasbourg.

The British Government is *supporting a separate* initiative involving the setting up of a European drugs intelligence unit, but is against more for*mal structures linking the* UK police with their European counterparts.

Mr Waddington told MP's on Wednesday: "It would be absurd if we were to throw away the natural advantages that we have as an island. Common sense dictates that we should keep our geographic boundaries and keep our controls."

Several Tory and Labour MP's are critical of *this* approach which they believe runs against the European ideal and risks isolating Britain.

Directors back 'hard Ecu' plan for European monetary union

By Anthony Robinson

THE Institute of Directors yesterday threw its weight behind the gradualist "hard-Ecu" approach to European monetary union outlined last month by Mr John Major, the Chancellor of the Exchequer, and proposed that businesses be allowed to pay taxes and keep books in the European Currency Unit.

In a discussion paper, A Currency for the Single Market, presented to the Government yesterday, the Institute's policy unit was deeply sceptical of the Delors Report proposals for *economic and monetary union*.

Instead it saw wider use of the proposed hard Ecu "running parallel with national currencies and used freely for all commercial transactions and the computation and payment of business taxes" as a first practical step in the evolution of closer monetary union.

It also advocated "greater use of the Ecu as the way to reduce *exchange rate* uncertainty and eliminate transaction costs." The Ecu is a notional currency whose value is calculated as an average of 12 EC currencies.

Last month Mr Major called for the creation of a "hard Ecu" to circulate as a parallel 13th currency throughout the Community, a proposal *received sceptically* by Mr Karl Otto Pöhl, president of the German Bundesbank, and several community countries.

The institute, whose report on monetary union was prepared independently of the Major plan, argues for a market-based approach to monetary union rather than one laid down by politicians.

It said the single market "should be the *driving* force for monetary union" and warned that unless progress towards monetary union was market-driven," membership of the European Exchange Rate Mechanism and further institutional changes would be meaningless."

From the point of view of the practical businessman "the timescale required for full implementation of the Delors plan would be too extended to meet the pressing immediate needs of European business," the institute said.

French-owned design house announces redundancies

By Alice Rawsthorn

CONRAN DESIGN, the French-owned design consultancy which is one of the largest in the UK, has made 45 people redundant and has reshuffled its senior management.

The redundancies come only a few months after Conran – which was originally part of the Storehouse retail group founded by Sir Terence Conran – was taken over by Roux Segéula Cayzac & Goudard, the French advertising agency.

Conran Design's *staff* were told about the staff cuts on Wednesday, the day after RSCG completed the acquisition.

The redundancies affect almost a third of Conran's workforce and will reduce the number of employees to around 100. Mr Michael Soden, who joined the consultancy a *year ago as chief executive, is* leaving.

RSCG intends to use Conran Design, which already has offices in Paris and Hong Kong, as the centre for its European design business.

In recent months RSCG, *like* several other leading Paris advertising agencies, has been expanding into other European countries.

Conran Design has been renamed RSCG Conran Design. Sir Terence Conran, who recently resigned as chairman of Storehouse, has returned to Conran Design as chairman. Mr Mark Landini, creative director, and Mr Ian Perry, commercial director, have become joint managing directors.

The cutbacks at Conran Design reflect the depressed *state of the design industry*, which has been scarred by job losses in recent months. Many design consultancies are experiencing financial problems as the slowdown in the economy has forced their clients to reduce design budgets.

Michael Peters Group, one of the largest packaging design consultancies, is struggling to put together a financial rescue package. Fitch, a leading player in retail design, recently warned the stock market that its profits would fall this year.

Taxpayers faced with £11m bill after Scottish shipyard collapses

Wake follows slow boat for St Helena

By Richard Tomkins, *Transport Correspondent*

A POLITICAL decision to give a Government shipbuilding order to Hall Russell, an ailing Scottish shipyard, resulted in taxpayers having to foot an extra £11m bill when the company collapsed, a report by the National Audit Office shows.

The public spending watchdog urges *that* better precautions are taken in future to ensure that potential contractors are viable before orders are placed.

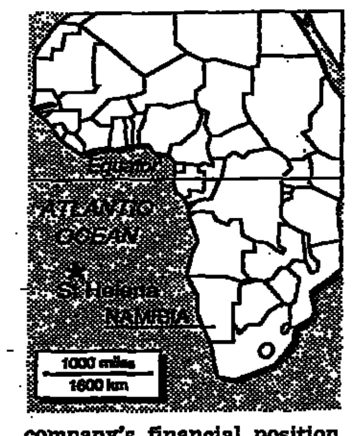
Its report tells how the cost over-run arose after two Government departments came into conflict over an order for a new ship to serve the South Atlantic island of St Helena, a UK *dependent territory, off the* west coast of Africa.

The only existing vessel serving the island was nearing the end of its operational life, and in 1986 the Government announced that it would meet the cost of building a replacement vessel in a British yard.

The Overseas Development Association shortlisted three tenders, of which the lowest came from Hall Russell of Aberdeen: but when consul*tants* warned *that the com*pany's financial position was precarious, the ODA decided to opt for a rival offer.

The *Scottish Office, however*, fearing the consequences of the yard's closure for the local economy in Scotland, said the consultants' view was pessimistic, and offered to underwrite any extra costs incurred *by accepting the Hall Russell* offer.

Ministers agreed in November 1987 that the order should go to Hall Russell. But the



company's financial position worsened, and in November 1988 it went into receivership with the ship for St Helena only one-third complete.

In the event, Hall Russell and most of its 500 jobs were saved when A & P Appledore, the shipbuilding and repair consultancy, bought the yard from the receivers: but the cost of completing the vessel rose to £32.3m.

The vessel was eventually launched eight months late last October, with the Scottish Office paying the £11m difference between the ODA's preferred tender offer and the actual cost.

The National Audit Office's report will now go to the all-party Parliamentary Accounts Committee which will deliver its own verdict on the Government's actions.

A New Ship for St Helena; National Audit Office; HC 516; HMSO; £3.

Water industry fears stagnation

Andrew Hill on developments in the recently privatised sector

THE current *structure* of the British water industry has taken a long *time to evolve*. But some in the *industry are worried that fur*ther development of the sector, in particular through mergers between water companies, may now be stifled.

On Wednesday the Monopolies and Mergers Commission published two more reports on what it describes as "merger situations": broadly the acquisition and ownership of large stakes in UK water companies.

The investigations followed hard on the heels of another MMC inquiry - the first under the 1989 Water Act - into a proposed merger between three water companies in the *so-called Home Counties close* to London, which would have left Compagnie Générale des Eaux, France's largest water supplier, in control of the enlarged company, Three Valleys Water Services.

The broad conclusions of two of the reports were very similar. Any reduction in the number of independent water companies in England and Wales would damage the ability of Mr Ian Byatt - responsible for economic regulation of the industry - to simulate competition between the regional water monopolies.

Mr Nicholas Ridley, the trade and industry secretary, *has taken* a hard line on the *MMC's recommendations*.

In the case of the Three Valleys merger the MMC suggested that the deal could go ahead, if the three companies made certain guarantees. Mr Ridley asked Mr Byatt, director general of water services, to identify further cost savings and report back by the end of this month.

In the case of this week's MMC investigation into Générale's ownership of a 29.9 per cent stake held in Mid Kent Holdings, a small south of England supplier, Mr Ridley *has asked Mr Byatt to ensure* that the French company cuts its holding to 19.5 per cent.

These are not anti-French measures; instead, they are designed to protect the central plank of regulation in the recently-privatised industry – comparative or "yardstick" competition.

As director general of water services, Mr Byatt has the task of setting price-rise limits for the 39 water companies in England and Wales. To do that he must compare, among other things, the companies' rate of return, operating and capital costs, and quality of service.

He argued to the MMC that cost benefits identified in the Three Valleys merger did not outweigh the loss of comparators. That has led some to accuse Mr Byatt and the MMC, of rejecting carefully quantified benefits - lower charges for customers, for example - in favour of the nebulous benefits of yardstick competition.

Mr Byatt, by contrast, is a staunch defender of the concept: "It *is* easier to identify cost benefits, but I think the advantages of comparative competition are very considerable in enabling the regulator *to set much tauter price* limits," he says.

Amendments to last year's Water Act appeared to shut the door on further rationalisation in the industry, obliging the MMC to look into takeovers of water companies with assets worth more than £30m. But Mr Byatt denies that those measures, combined with the Government's "golden share" in the newly-privatised companies, have frozen the existing structure of the UK water industry. He is also adamant that the recent MMC recommendations do not remove the discipline of takeover regarded as important for the privatised industry.

He points out that the Three Valleys merger could still be allowed, if sufficient cost savings can be identified during his continuing negotiations with the three companies. "In no way is the industry now set *in concrete," he says.*

The latest MMC investigations have also raised doubts about the political independence of the regulator, asked to enforce the decisions of the trade secretary. But he sees no conflict of interest between this and his emerging role as the most important source of evidence for the MMC.

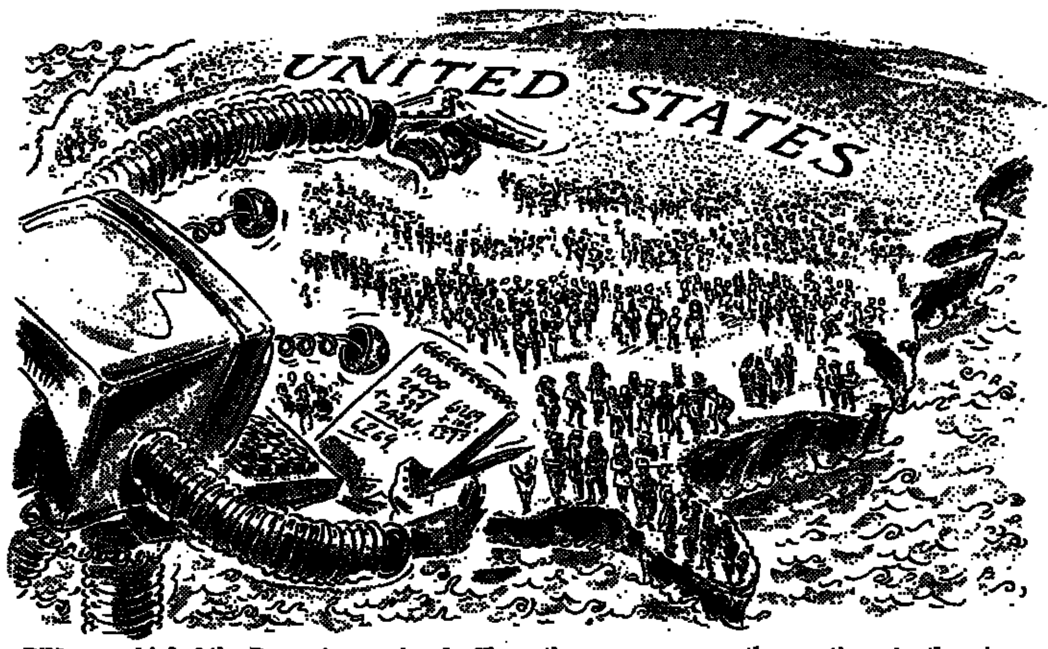
The rapid evolution of com*petition policy for the water* companies does not worry the regulator, indeed he sees it as a virtue in an industry which measures its progress in decades rather than years.

"It shows that the policy is responsive to *individual situa*tions," *argues* Mr Byatt, "and I think one has to be very careful about extrapolating hard and fast rules from one or two cases."

TECHNOLOGY

Andrew Jack examines the process of gathering information about the United States population

Hands up for the automated census



April 1 1990 was Census Day in the United States. By early May completed questionnaires about the vital statistics of an estimated 250m people around the country were being processed in what the Census Bureau is calling "the most automated census ever."

In the last census 10 years ago it took four months longer to reach the equivalent stage in the process, the Bureau reports. It claims that information from 99 per cent of the 106m households has already been collected, and 70 per cent of that is ready for tabulation.

The heart of this year's accelerated rate of data crunching is "flow processing." In the 1980 census, "batch processing" was used: answers were only coded after all questionnaires had been returned to central office. Now, explains Census spokesman Mark Mangold, "we begin as soon as questionnaires come in."

New technology is at work well before the replies are processed, however. During the mid 1980s the Census Bureau co-operated with the US Geological Survey to develop an electronic database called Topologically Integrated Geographic Encoding and Referencing (Tiger). The system can create maps of any location in the country down to the smallest census unit, known as the block. There are 6,500,000 blocks in total.

Tiger has been used to generate more than 100,000 local maps for local census offices, principally to help staff follow up those households which have not responded. Each household has a "geocode" which allows it to be located on the Tiger system.

A 14-digit barcode is printed on each questionnaire and its reply envelope. When the forms are returned, one of the 12 laser sorters around the country reads the codes and separates replies. There are also 3,500 hand-held laser "wands" in the Bureau's 450 district offices, where initial scanning takes place.

In the mid-1980s when barcodes were being tested on smaller censuses they often smudged and became unreadable. But the introduction of ink jet printing and non-water soluble inks has improved their resilience. Paper quality has also helped; whereas barcodes had been printed separately and attached as labels in the past, in 1990 they were printed directly on the questionnaire.

These improvements mean that "we now have perfect registration," says Thomas DiNenna, chief of the Bureau's technical services division. Eleven of the 14 digits in the code identify the household. The remaining three represent the sum of all the other eleven. If these verification digits do not correspond, or the laser scanner simply cannot read the barcode, it will be scanned twice more, and then keyed in by hand. The overall error rate has been less than 2 per cent, claims DiNenna.

Besides sorting the replies, the code read by the scanners is used to amend an automated address list of every US household. The list was initially compiled from previous census information and purchased data, and then distributed to each local office.

In 1980, it was then laboriously amended by hand as replies came in. This year updated lists are sent out frequently; the households who have replied are removed. The remaining addresses can be used directly by enumerators conducting the intense follow-up campaign.

Once the forms have been collected in each of seven regional offices, they are converted into machine-readable form. The questionnaires are fed into a page turner where they are held down on a vacuum bed and unfolded by a rotating arm which also generates a partial vacuum. A device that resembles a windscreen ice scraper is attached behind the arm. It smooths the paper and removes any static charge as it passes over. While the laser scanners are simply modified versions of conventional barcode readers, the page turners were designed and patented by the census bureau itself.

Once opened, each page is then photographed on to microfilm. This allows responses to be entered on to computer where they can be aggregated for more immediate release. The film passes into one of the 22 Film Optical Sensing Devices for Input to Computer (FOSDICs), first designed in the 1950s. It can read 1,000 pages' worth of film each minute.

A beam of light, fifteen-thousandths of an inch in diameter, scans each microfilm exposure. Where dots have been filled in on the questionnaire the microfilm negative is transparent and allows the light to pass through and register on a photocell. The light levels are converted into an electric voltage which is recognised by the machine.

Since the FOSDIC only identifies completed dots, the handwritten parts of the questionnaire such as the name and address of the respondent are not entered on to computer, so confidentiality is preserved. As recently as 1980, "FOSDIC was essentially hardware," says DiNenna. "It has totally changed, and has more software now. The scanners are a quarter of the size, and require far less power, maintenance and air conditioning." Once it has been microfilmed, the paper is shredded under armed guard and turned into a valuable slurry which is sold for recycling.

After an initial edit for inconsistencies and errors, the data is transmitted to Census Bureau headquarters in Maryland for analysis. On the mainframe further checks are made for certain logical errors on the completed forms, such as heads of household aged under 15, and children whose ages are given as greater than those of their parents.

Advances since the 1980 census also extend to the end-user of information. This will be the first national census to be available on compact disk. Some 37 CD-Roms will hold the census data – with confidential information removed – and sell for around $250 each. The Tiger system will also be sold on CD, allowing analysts to create digitised maps which display census data information.

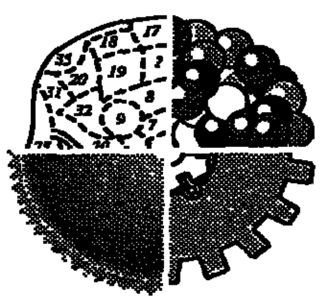
In the past, the same data required more than 1,000 magnetic tapes, and only a few large companies could afford to buy it. "CDs are cleaner, easier to work with, and can be easily replicated," explains Forrest Williams, chief of systems and programming. Multiple copies will be made by CD companies, where in the past each set of tapes had to be made from the Census Bureau's own computer.

One of the problems faced by engineers is having to decide on the technology to be used in the next census. This has to be decided several years in advance to allow time for testing and developing the equipment.

DiNenna points out that in 1985 he was using computers with a capacity of 8 megahertz to control the FOSDICs, which allowed a processing speed of 400 pages a minute. But since the mechanical design is sufficiently rugged to cope with a rate of five times that, he could upgrade his control devices to computers with a current capacity of up to 33 megahertz.

Other technologies were judged not yet sufficiently developed to use this year. Trials began five years ago with hand-held computers which enumerators would use on house visits to families who had not completed returns. Officials decided that there were still too many problems to use the equipment nationwide.

A special census unit has already been established to examine censuses into the 21st century. Ideas include the development of optical scanners which can recognise handwriting, on-line access to census data, and, ultimately, a census day where everyone taps in answers directly to their home computer. But the chances are that form filling will still be necessary for census 2000. Says spokesman Ray Bancroft, "the true paperless census is some way off."



WORTH WATCHING

by Clive Cookson

Fastest cable on Atlantic route

OPTICAL fibre technology developed by AT&T Bell Laboratories promises a 10-fold increase in the capacity of intercontinental telephone cables.

The new fibre optic transmission system is still at the research stage but is likely to be ready for commercial use in the late 1990s, according to Jack Sipress, director of undersea systems at Bell Labs.

A single transatlantic cable would then have a transmission capacity of 5,000 megabits per second – enough to carry 700,000 simultaneous telephone calls. That is almost 20 times as much as TAT-8, the current transatlantic cable, and 10 times as much as TAT-9, which is under construction.

The system depends on two related developments: a type of glass fibre doped with erbium (a rare-earth element) and a laser that emits very narrow pulses of light known as solitons.

Today's optical cables require "repeaters" every 50 miles or so to boost the signal, which gradually deteriorates as it travels along the fibres. Experiments at Bell Labs show that solitons can travel down the new fibres for thousands of miles without boosting. That would make it possible to lay down a transatlantic cable as a single "light pipe" without repeaters. It would therefore be cheaper than today's cables, as well as having a greater transmission capacity.

Satellite reaches remotest parts

BUSINESS travellers who need to keep in touch with the office while they are in remote parts of the world, far from any reliable connection to a fibre optic cable, will soon be able to use the Inmarsat C satellite network. This was originally intended for ships but is now being extended to mobile land-based communications.

STC, the UK electronics company, has introduced a personal data communications system which fits in a briefcase, for travellers who want to use Inmarsat C. The system, called Mascot Nomad, includes a small dome-shaped omni-directional antenna and transceiver, an IBM-compatible laptop computer with 256 kilobytes of Ram memory and an A4 inkjet printer.

At present the system is in its pre-operational phase and can only handle telex-messages. Next year it will allow other forms of "store and forward" data communications. But the data rate (600 bits per second) is too low to handle voice or video transmissions.

The Nomad will run on mains or battery, almost anywhere in the world. The complete system costs £10,000.

A helping hand with check-in

EN ROUTE to that remote location, the business traveller often has to contend with an overcrowded airport. Another development in mobile communications may help to ease the congestion.

British Airways is testing what it says is the world's first hand-held check-in unit, at London's Heathrow Airport. The mobile DCS (Departure Control System) is about the same size, shape and weight as a brick.

Staff are using the "brick" to check in international passengers at Terminal 4 who have only hand luggage but who would otherwise have to queue at check-in desks. Flight details and seat preference are keyed in and transmitted by radio to the central BA computer, which allocates the passenger a seat. The information is relayed straight back to the brick and displayed on its LCD screen.

BA has 20 mobile DCS units on trial and expects to have 700 within three years. Most will be used by staff behind the scenes, such as aircraft despatchers. They will replace many of the walkie-talkie radios that are now used to co-ordinate ramp activities including catering, security, refuelling, cleaning and baggage handling. BA says the mobile system will reduce the aircraft turnaround time.

The mobile DCS software was developed in-house by BA. The hardware comes from Motorola.

The patter of tiny heartbeats

HAND-HELD foetal monitors will extend the benefits of high-tech antenatal care to women in family doctor's clinics or at home. Huntleigh Technology of Cardiff has launched Fetal Dopplex, a pocket-sized electronic unit which tells doctors, nurses and midwives exactly how fast the unborn baby's heart is beating.

This battery-powered unit uses the same ultrasonic Doppler measuring technique as the larger mains-operated foetal monitors used in maternity clinics and hospitals. But because it is cheaper (£200) it can be used more widely. Huntleigh sees developing countries as a large market.

The unit can detect the foetal heart from around the tenth week of pregnancy. Obstetricians who have tested it say that it is particularly useful for alerting doctors to a potential problem when the heart rate is just outside the normal range of 120 to 160 beats per minute. A slight abnormality may not be detected by ear but shows up clearly on the unit's liquid crystal display.

EC directive to protect software

THE EUROPEAN Parliament votes next week on the EC's highly controversial proposed directive on legal protection for computer software. The issue has been lobbied more intensively than any other in the EC's history.

Different computer companies and different factions within the European Commission have been advocating opposing views. The main issue to be decided is whether there should be an outright ban on copying programs or whether a limited exception should be allowed for "reverse engineering" to develop user interfaces.

Contacts: AT&T: US, 802 482 3748. STC: UK, 081 840 8400. British Airways: UK, 081 759 5511. Huntleigh: UK, 0222 485885.

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MANAGEMENT

When recession strikes

Smith Corona hits the wrong key

Martin Dickson examines the background to the sharp reversal in the US typewriter company's fortunes

One of the most miserably performing stocks on Wall Street over the past year has been a company once hailed as an object lesson in the way US businesses can haul themselves out of the grave and hit the Japanese between the eyes.

Now, however, many investors see Smith Corona, the world's largest manufacturer of portable electronic typewriters and personal word processors, as illustrating a much older lesson: caveat emptor.

Shares in Smith Corona were floated on the New York Stock Exchange at the end of July last year, when Hanson, the British conglomerate, sold off 52 per cent of the wholly-owned subsidiary. The flotation was unprecedented for Hanson, arguably the most successful British takeover machine of the 1980s, which normally either holds on to businesses or sells them outright.

But many investors now rue the day they bought the shares. Smith Corona's profits have fallen sharply in recent months and the company warned this week that it expected a loss for the final quarter of the year, ending on June 30. It also intends to slash its quarterly dividend from 15 cents a share to 5 cents.

Its stock, which was floated at $21, has dropped repeatedly over the past 11 months to stand at $5 after this week's announcement. That is about five times analysts' forecasts of earnings for the year just ending.

Some investors are so angry that they are suing Smith Corona and Hanson, charging them with omitting important information about the business's health from the flotation documents.

The two companies say they will be vigorously contesting the suits and Lee Thompson, chairman of Smith Corona, adds: "For anyone to say Hanson or Smith Corona knew this [the downturn] was coming is ludicrous." How then does the affable Thompson – who exudes the soothing air of a family doctor – explain the sharp reversal in the company's fortunes so very rapidly after the flotation? And what hope can he offer of investors seeing a better return in future?

The answer to the first question, says Thompson, is simple: the company has been hit by a sudden collapse in US demand for consumer durables and a round of savage price cutting by Smith Corona's Japanese and other Far Eastern competitors.

Thompson is a veteran of wars with the Japanese. When he arrived at Smith Corona in 1983 the company was on its knees and looked like following other US typewriter manufacturers into oblivion, faced with an invasion of electronic machines from Asia. But he fought back, slashing costs, introducing new technology and using trade laws to the hilt against the Japanese.

He was so successful that Hanson, which acquired the business in 1986 as part of its takeover of SCM, an industrial conglomerate, reversed its initial plan to sell off the typewriter business. Net income rose from $15.2m in 1986 to $42m in 1989 and the company says it now commands some 55 per cent of the North American market for portable and compact electronic typewriters and personal word processors.

Thompson says that in the first half of last year US demand for the company's products was up by 30 per cent on 1988, and, in order to build inventory, Smith Corona was producing 50 per cent greater volume.

Then, without any warning, the sales climate suddenly deteriorated, just after the late July share issue. "We had no control over it and no way of anticipating it," he says. "We were running 30 per cent ahead to the day of the flotation."

On his account, first intelligence of the softer sales position arrived in early August, at which point the company promptly announced that it would be cutting its workforce by 10 per cent, or 450 people. It was this news that first hit its share price and set in train the barrage of suits against it.

Rival companies and purchasers of Smith products are reluctant to spell out their views of precisely when the market began to sour, mainly because of fear of entanglement in the legal battle.

But the buyer for one of the country's leading retail chains points out that sales could have been softening for months without the company necessarily knowing; it might have been following store purchase figures, and the retailers may have been over-optimistic.

Annual results

Year	Sales $m	Net income $m
1986	300.4	15.2
1987	339.0	23.5
1988	394.0	38.8
1989	493.0	42.0

Quarterly results

	Sales $m	Net income $m
'88/89		
Sep	132.0	12.1
Dec	126.0	13.9
Mar	121.8	12.4
Jun	112.3	-3.0*
'89/90		
Sep	152.0	16.3
Dec	128.0	12.0
Mar	110.6	6.1

*Loss

"You have to remember that this was the run-up to one of the year's two key selling times – the 'back to school' period." (The other is Christmas.)

Certainly, in profit terms, Smith Corona still had a very good first quarter, from July to the end of September, when net sales were up 15.3 per cent and pro-forma net income rose 20 per cent to $16.3m.

But since then there has been a steep slide, with second quarter net income of $12m, down 14 per cent on year before, and a third quarter drop of 51 per cent to $6.1m.

Meanwhile, claims Thompson, Japanese and other Asian rivals have been cutting prices in what he claims looks like concerted "dumping" in the US. "It's not happening elsewhere in the world. It gives you pause to wonder what their strategy is." Investors in Japanese companies, he complains, are prepared to put up with much lower levels of profitability than investors in American ones.

This is a fairly familiar litany of the type of abuse advanced by many Western companies when they find their markets under threat. But does it stand up?

Japanese rivals naturally take issue with the "dumping" charge. "It's a lot of nonsense," explodes one manufacturer. Patrick Gilmore, executive vice-president of Brother's US operations, says: "I would question how at the same time Smith Corona can huff and puff about how it dominates the market and claim Japanese competition is hurting it. How can both be true?"

One very large independent typewriter retailer suggests that the downward price spiral was in fact set off by imports from South Korea, marketed by an American company, and that this provoked a price war in a market where supply was greatly out-running demand.

Whatever the truth, Smith Corona says it is determined to retain market share and will therefore match rivals' prices, even though this has sharply reduced its profit margins.

Its emergency action includes two inventory write-downs (in both the second and fourth quarters), a cut-back on expenses and overheads, and putting its plants on a four-day week. The expected fourth quarter loss, says the company, stems from provisions in these areas.

But analysts question whether, in the current climate, it is making much money at the operating level and say the dividend cut indicates there will be no early profits recovery.

Smith Corona is hoping that strong growth in Europe, where it has set up a distribution agreement with Philips, will compensate to some extent. It is aiming to boost international sales to 25 per cent of the total, compared with some 17 per cent when it went public and zero three years ago.

Despite the problems, the balance sheet at the end of the third quarter was in better shape than at the time of the flotation, when the company took on some $95m in debt to pay Hanson a dividend and other payments which took Hanson's total Smith Corona proceeds from $291m (from the equity offering) to some $386m.

Thompson reckons that by the end of the fourth quarter, debt will be roughly $70m, giving a debt equity ratio of 1.1 against 2.1 at the flotation. However, he admits that the company is now not going to be able to reduce the debt burden as quickly as it planned.

Capital expenditure will show a drop this year (from the very high levels in 1989) but the company insists it will be maintaining its level of research and development, relative to sales.

Lee Thompson: Claims "dumping" by rivals

Certainly, its ability to compete over the long term will depend on a strong line of new products coming through. Smith Corona has a good brand name and a reputation for innovation, with features such as an electronic dictionary, a thesaurus and punctuation checks.

Its 1991 range, unveiled last month, is described by analysts as "modestly evolutionary", and features a compact, portable, very low priced word-processor, the PWP 1000, costing only $499.99.

But many analysts also question whether there is any real future for the typewriter, which many believe will be replaced by the word-processor or computer as these become cheaper and more portable. "You can almost forget about typewriters over the longer-term," says one leading US stores buyer. Smith Corona argues that it is wrong to see the market as an "either/or" battle between technologies. It is, rather, a continuum from the cheapest typewriter through to the more complicated word-processor, and the company, with its niche in the student and home office markets, can respond flexibly to changing customer demand. "It's not a horse and buggy; it's an evolving product," says Thompson.

But that still leaves open the question of which companies will manufacture these products – small niche players like Smith Corona or the large computer manufacturers, the products of which are likely to overlap more and more with the market for dedicated word-processing products. The answer will depend in part on just how innovative and how price-competitive companies like Smith Corona will continue to be.

Its record to date is good, despite the claim sometimes made that Hanson takes too short term a view of its subsidiaries. "Hanson does not bleed companies," says Thompson. "It has stringent returns to ensure capital expenditure is justified, but that is good business. I have had Hanson ask me a number of times, is that enough [money]?"

Smith Corona has just appointed a former senior Hanson executive in the US, 43-year-old William Henderson, to the new post of chief operating officer. The move, which Smith Corona says has long been planned, and is not a response to current problems, will leave Thompson free to concentrate on strategy.

Some analysts see this as a hopeful sign, indicating that Hanson is still keenly interested in the future of the company – as well it might be, with a 48 per cent stake.

Thompson is keen to point out that he and other senior executives have suffered from the collapse of the share price. A performance plan put in place when Hanson first acquired the business offered them additional lump sums or shares, depending on the company's growth in profits or value up to September 1990.

The flotation triggered this deal a year early, and the executives shared $42m. But half of this was in shares – and they paid income tax on the equity at the offer price of $21, though the paper is now worth far less. If the company had not floated, they would have received all cash this autumn – although by then the decline in profits would, presumably, have made the business worth substantially less than in July 1989.

"Neither Hanson nor we knew it was the top of the market. We looked for continued growth," Thompson insists. "There's nothing for us to hang our heads about." Still, he does acknowledge that the timing of the flotation might have been "unfortunate."

That is putting it mildly. At the very least, many on Wall Street are asking whether Smith Corona should improve its market antennae, and management systems, if the downturn took it so by surprise. And as for Hanson, it is likely to get a very frosty reception if it tries another flotation in the US.

Management abstracts

Becoming PALs: pooling, allying and linking across companies. *R M Kanter in Academy of Management Executive (US), Aug 89 (11 pages)*

Identifies a change of attitude in (American) companies from wanting everything under their own control to being willing to share and co-operate with others in several types of "partnership" – by pooling resources (eg via an industry-wide research association), by joint ventures or by developing "coalitions" or alliances with suppliers, customers or unions; examines the new types of corporate system and personal relationships that arise and analyses the resulting vulnerabilities, eg uneven levels of commitment and conflicting loyalties.

A mandate for green reporting. *R Derwent in Accountancy (UK), Oct 89 (3 pages)*

Laments the fact that little attention has been paid to social accounting and reporting since the Boothman Committee's "The Corporate Report" in 1975. Given current increasing interest in green issues, calls for fresh debate, discussion and development on the subject.

GE's service ace. *J Thackray in Across the Board (US), Sept 89 (5 pages)*

Describes the operations of General Electric's Answer Center in Louisville, Kentucky, which handles on a 24 hours a day, 365 days a year basis, 3m free telephone calls a year from customers, potential customers and dealers. Shows how the answering of complaints and requests for information has developed into a sophisticated marketing tool; and a factor of competitive advantage by enhancing brand and customer loyalty. Touches upon staff recruitment and training, supervision and performance measurement, and the dangers of stress to the operating staff.

Shutting it down: a test for management. *A C LaRusso in Business Horizons (US), Jul/Aug 89 (5 pages)*

Offers guidelines for managers on the planning and implementation issues involved in shutting down a plant or business facility, and in identifying assets.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each + VAT (including p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

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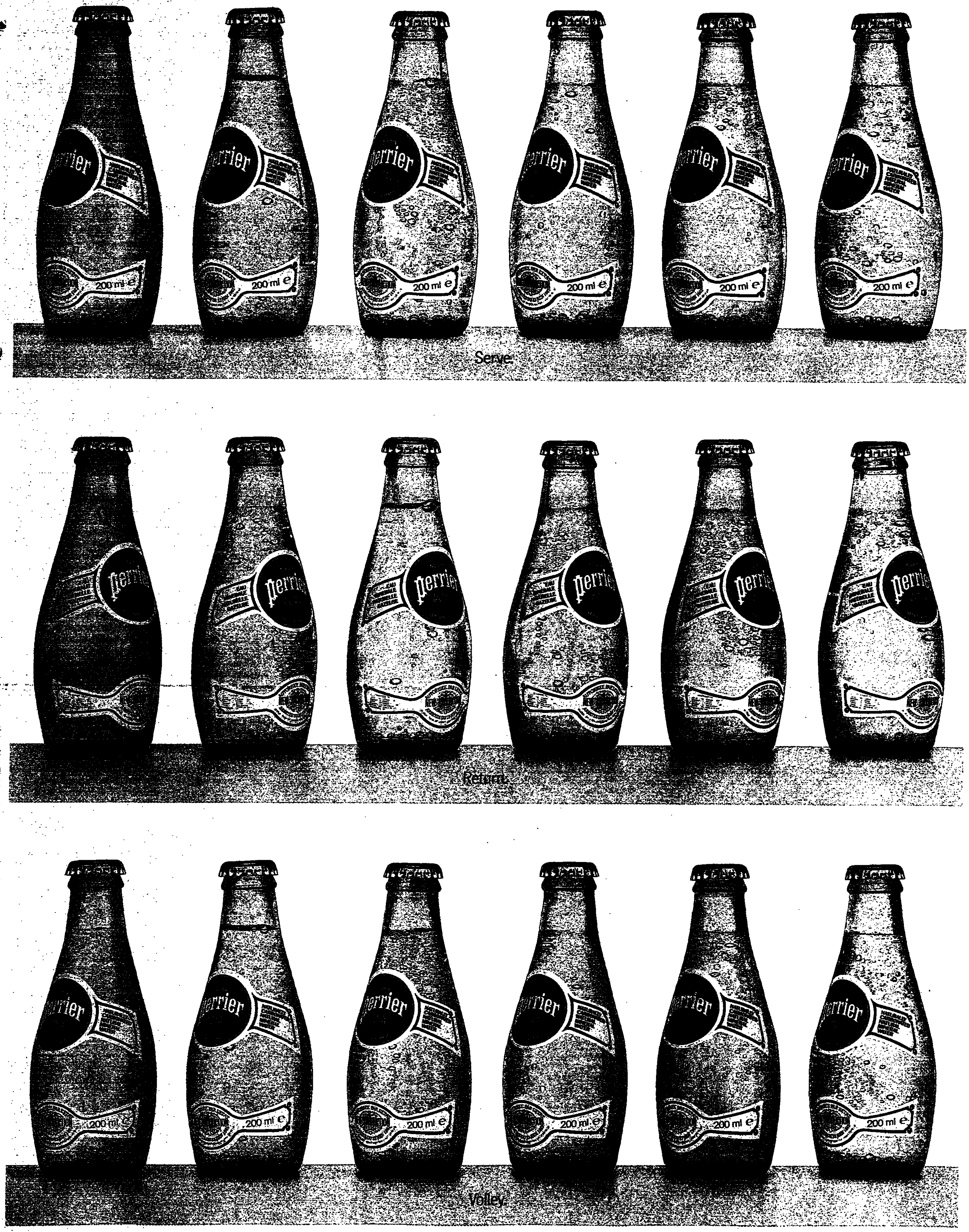


"Eau, I say."

FT LAW REPORTS

Carrier pays for calculator theft

TEXAS INSTRUMENTS LTD AND ANOTHER v EUROPE CARGO LTD AND OTHERS
Queen's Bench Division: Mr Justice Tudor Evans: June 29 1990

A SELLER of goods who contracts with a carrier for their carriage by road to the buyer in a foreign country, does so as agent for the buyer if property and risk are to pass at time of carriage; and where the goods are stolen in transit, the buyer, though not expressed to be a party to the contract, is entitled to sue the carrier named by the CMR consignment note, in the absence of contrary evidence as to his identity.

Mr Justice Tudor Evans so held when giving judgment for the plaintiffs, Texas Instruments Ltd (TIL) and Texas Instruments Semi-Conduttori Italia SpA (TISIS), against the second defendant, Biss International Transport Ltd, in a damages claim against Europe Cargo Ltd and others. Europe Cargo (formerly Nason (Europe) Ltd) was now insolvent, as was the third defendant, Narradene Ltd. The writ against the fourth defendant, Continental Tir SRL, had been set aside for late service.

HIS LORDSHIP said that the claim was for damages for loss by theft of 3,401 kilogrammes of machine calculators on July 8 1984. The CMR Convention as enacted in the Carriage of Goods by Road Act 1965 applied.

TISIS sold the calculators in Italy to TIL in England. Property and risk in the goods passed to TIL at time of carriage. TISIS hired a carrier, the identity of which was in dispute, to bring the goods to England.

Narradene were carriers. Their controlling director was a Mr de Friez. It was their lorry, driven by a Mr Edwards, which was used to haul the trailer which contained the goods. Biss had leased the trailer from a third party.

Mr Edwards was a highly experienced lorry driver. According to his evidence, he was working for Mr de Friez, who was the haulier doing the work for Biss.

Mr Edwards arrived with the load at Ramsgate. He rang Mr de Friez who instructed him to take the trailer and leave it in a public car park at Rainham. Mr Edwards told Mr de Friez he did not think it was a good place to leave the trailer, but he was instructed to leave it there and to bring the papers to Mr de Friez's house.

According to Mr Edwards one only had to look at the area in which the car park was situated to see it was unsafe. He had been trained not to leave a trailer, especially in a public car park. He had never done so before. He left it in the car park and took the papers to Mr de Friez's house.

He said he again told Mr De Friez he was not happy at leaving the trailer, but he was told not to worry and that another driver would be collecting it. He said he could have taken the trailer to Biss's secure premises at Bishop's Stortford, but that he acted under Mr de Friez's instructions.

The court accepted Mr Edwards's evidence. It found there was a high risk of loss in leaving the trailer in a car park in the east end of London, even assuming it was going to be picked up a few hours later; that the trailer was left unattended and was easy to break into; that Mr Edwards made the risk clear to Mr de Friez who insisted that the trailer be left; and that Mr de Friez appreciated that risk.

The first issue was whether TIL had title to sue.

It was the plaintiffs' case that whichever carrier was hired, TISIS acted on behalf of TIL when entering into the contract of carriage. The contract was made through the agency of TISIS. Biss disputed agency and contended that TIL had no title to sue.

When a seller was required to send goods to the buyer in a foreign country, the goods in transit being at buyer's risk, business efficacy required that when the seller contracted with a carrier for carriage of the goods to the buyer, he did so on the buyer's behalf.

That conclusion was supported by section 32(1) of the Sale of Goods Act 1979 which provided that where the seller was authorised or required to send goods to the buyer, delivery to the carrier was *prima facie* delivery to the buyer. When the goods in the present case were delivered to the carrier, *prima facie* that was delivery to TIL.

Common sense suggested that in those circumstances the carrier was carrying the goods on ITL's behalf pursuant to the contract of carriage made by TISIS.

Section 32(2) provided that unless otherwise authorised by the buyer "the seller must make such contract with the carrier on behalf of the buyer as may be reasonable..." It followed that TISIS was obliged to make a contract of carriage on TIL's behalf. When it made the contract of carriage it did so as agent for TIL.

If that conclusion were wrong, TIL had an unanswerable right to sue under article 13 of the CMR Convention, which provided that if loss of goods was established "the consignee shall be entitled to enforce in his own name against the carrier any rights arising from the contract of carriage".

The goods were lost. It followed that TIR had an unqualified right to sue the carrier in its own name under the contract of carriage made by TISIS.

The second issue was which defendant was the first carrier, or alternatively the last or performing carrier, within the CMR Convention?

The plaintiffs asserted that TISIS entered into a contract with Continental as freight forwarder; that Europe Cargo, Continental's UK agent, acted as forwarding sub-agent; and that they employed Biss as first carrier.

Article 13(1) of the CMR Convention provided that "the consignment note shall be *prima facie* evidence of the making of the contract of carriage, the conditions of the contract and the receipt of the goods by the carrier."

It followed from the language of article 13(1) that it was to be presumed that the CMR consignment note correctly evidenced the contract as to its terms, the parties to it, and their role in performance of the contract.

The CMR note provided that Continental was the sender by order of TISIS to TIL in England. It identified Biss as carrier.

If the evidence were confined to the CMR note the presumption that Continental was the sender and that Biss was the first carrier would be overwhelming.

In *Elektronska v Transped [1986] 1 Lloyd's Rep 49* Mr Justice Hobhouse pointed out that although providing highly relevant evidence, the CMR note was not conclusive.

In the circumstances of that particular case it was held that the evidence of the CMR note was low because it came into existence after the contract had been made, and because the relevant boxes had been filled in by the driver who could not have appreciated the legal and factual position. Mr Justice Hobhouse was not intending to hold that the fact that the CMR note post-dated the contract always inevitably detracted from its weight, as Mr Fenton argued.

Looking at the whole of the evidence in the present case, the conclusion was that Biss was the first carrier.

If it was not the first carrier, there was ample evidence that it was the last or performing carrier within articles 34 and 36 of the Convention.

Article 34 provided that if carriage governed by a single contract was performed by successive road carriers, each was responsible for performance of the whole operation, "the second and each succeeding carrier becoming a party to the contract of carriage... by reason of his acceptance of the goods and the consignment note".

Biss accepted the goods and the consignment note. The evidence showed that carriage was at least a joint effort by Biss, making it the last or performing carrier.

The third issue was whether quantum of loss was limited under Article 23 of the Convention, which provided that compensation should not exceed a certain value.

Article 29(1) provided that the carrier could not avail himself of the limitation provisions "if the damage was caused by his wilful misconduct".

Mr de Friez knew there was a high risk of loss. Insisting that the trailer be left while appreciating that it was risky and wrong, was wilful misconduct. Compensation was not limited.

Judgment for the plaintiffs against Biss.

For the plaintiffs: Charles McDonald (William A Merrick & Co)
For Biss: Adam Fenton (Herbert Smith)

Rachel Davies
Barrister

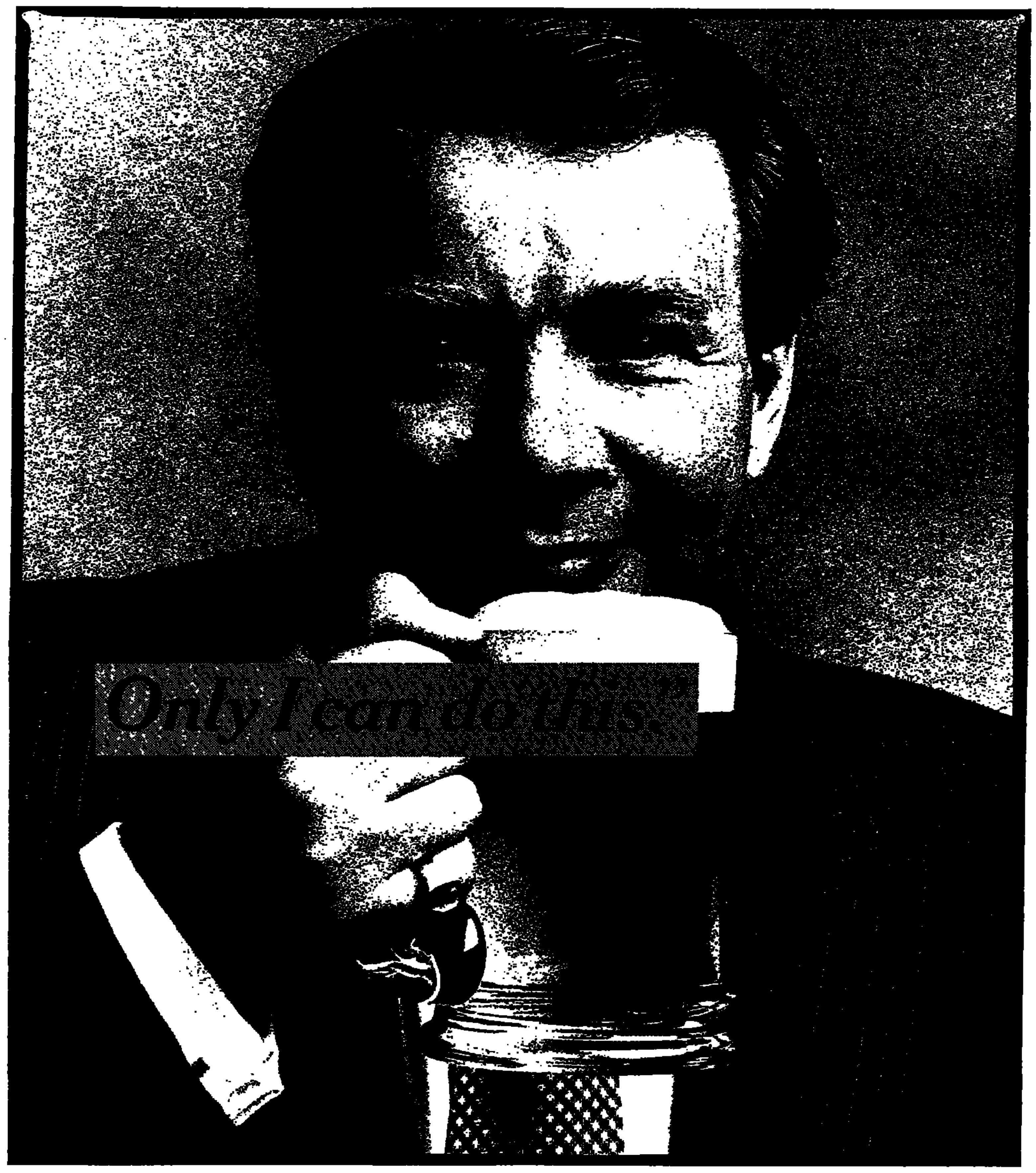
"How do you cover a £9 million interest payment with £7 million rent?

There are many things that can't be done: squeezing quarts into pint pots, leading camels through the eye of a needle and covering a £9 million interest payment with a £7 million rent.

Well, there's no money in the first two, so they can stay impossible; but the third . . .

What if you discover an income-producing property which you just *know* will increase in value, but currently gives you less rent than the interest payments on the loan you raised to buy it?

Or, what if you already own an income-producing property which



with current high interest rates is steadily becoming a thirstier drain on your cashflow.

Come the next rent review, you're confident the interest payments will be covered; the problem is: how do you get there without turning your bank manager's hair white?

(Quick swig of Heineken.) You roll up the interest shortfall until after that rent review – defer and accrue.

"Madness", I can hear your bank manager whisper, his hair whitening, "what if interest rates keep going through the roof?"

(Another gulp.) You take a CLP Defer and Accrue Plan WITH an interest rate cap.

Respectful silence from the bank manager.

(Drain glass.) It's a scheme of masterful simplicity: you fix a ceiling on the variable interest rate that you pay. If the market rates drop, so do your repayments; if rates rise, your repayments don't.

You can fix the cap ceiling at any level, from well below market rates (deep discount) right up to a level which simply protects you against future interest rate rises.

The advantages make good reading for any aspirant millionaire.

By deferring and accruing, less of your money is tied up in one deal; your cashflow still flows.

Unlike being locked into a fixed-rate loan, there are no heavy "unbundling" costs if you decide to sell the property before the loan period is up.

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Naturally, it costs. And obviously the higher you set the ceiling, the less it costs.

However, with a typically deft piece of CLP Creative Financing, we see that the costs come out of the funds allocated to the loan without materially affecting the day one advance.

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Finance without running the full risk

By Michael Brett

Perhaps it is a reflection of the extreme nervousness of the commercial property market, but methods of property finance that have very little to do with property are surging. Take three examples:

● A retailing group sells properties it owns to an investor or to a financing vehicle and takes a leaseback so that it continues to occupy the premises. So far this is a conventional leaseback. But instead of simply agreeing to pay market rents, reviewed every five years, the vendor/tenant agrees in advance to put *a floor under the rate of rent* increase. At the first rent review after five years, the rent is reset either at the market rate or at a level that represents, say, a 7 per cent a year compound rate of increase over the previous five years, whichever is the higher.

● An entrepreneur seeks bank finance to cover 80 per cent of the cost of a £50m development. The lead bank insists on "ground up" insurance from a leading insurance company or group of insurers to protect the lenders from loss on the whole of the £40m loan (the developer pays the premium). The lenders no longer need to be experts in assessing property risk: they are effectively lending on the covenant of an internationally-known insurance company rather than on a property project.

● A property owner – possibly a property company but more probably an industrial or commercial company that wants to raise finance on (or possibly off) balance *sheet on the strength of the properties* it owns – does a deal with the leasing subsidiary of a major bank. The property-owning company sells *a 125-year headlease of the property* to the bank at market value, and the bank in effect grants it a 25-year underlease at a market rent. The vendor of the building thus continues to occupy it, as with a conventional sale and leaseback. But the rent the tenant pays rises every five years by a pre-set amount (say, 5 per cent a year compound or 27.5 per cent over the five years). The rent is not readjusted to market levels during the 25 years.

At the end of the 25 years the vendor/tenant effectively has the option to buy back, at the same price as he or she originally received, the interest in the building sold to the bank. He or she has thus had the benefit of knowing in advance what the rent outgoings (effectively interest outgoings) will be, and any increase in the capital value of the building is retained. The bank has been able to predetermine the "rent" it charges by reference to its own cost of funds.

The point about all three arrangements *is that, in different ways,* they are distancing the financing arrangement from the full risks of the property market. In the first *case, the sale and leaseback with* in-built minimum rent increases, the vendor/tenant knows the minimum but not the maximum cost of its funds for at least the first five years. The financier knows the minimum return that will be received over this period, however badly the property market might perform.

With the second arrangement, the lenders are at risk only if the insurance company goes belly-up. If the property development itself goes wrong, the insurers take the hit.

In the final case, it is almost incidental that a property rather than some other form of asset is being financed. The techniques are those that evolved in the equipment-leasing market.

Surprisingly, these non-property aspects of recent financing deals have attracted little comment. Yet there have been examples involving big quoted companies. The food retailer Asda sold £375m of supermarket and other properties to a special-purpose joint-venture company it set up with Arlington Securities. Sumitomo Bank arranged £250m of 10-year senior debt for the joint company. Asda itself took back a lease of the supermarkets, with normal five-year rent reviews, but agreed minimum uplifts of 4.5 per cent a year compound for the first 10 years and 2.5 per cent a year thereafter. On recent performance, *the market rents would have grown* considerably faster than this, but the fallback guarantee is some comfort for lenders in an uncertain *property market.*

More recently, the property company British Land bought and leased back 31 Gateway supermarkets and some other properties from the buy-out vehicle Isosceles, with a review formula that guaranteed at least 7 per cent a year compound growth in rents over the first five years.

A recent off-balance-sheet financing of £66m of property by Dixons Commercial Properties demonstrates the insurance theme. Some 90 per cent of the cost of the properties was raised by a special-purpose vehicle in the form of a four-year syndicated loan, which was insured. The insurance company covenant was thought to have resulted in an interest margin comfortably less than 100 basis points over Libor.

Property deals involving finance lease techniques have not been widely publicised. But Lloyds Leasing puts its average size of deal at about £50m. One early example is the 1¼m sq ft Meadowhall shopping centre in Sheffield, due to open later this year. The £180m financing included lease techniques set up by Lloyds, with other leasing groups sharing the commitment.

The dividing line between property finance and general corporate finance has never been clear-cut. But the distinctions will become still more blurred as financial engi*neering techniques developed for* other commercial transactions are applied to the property field.

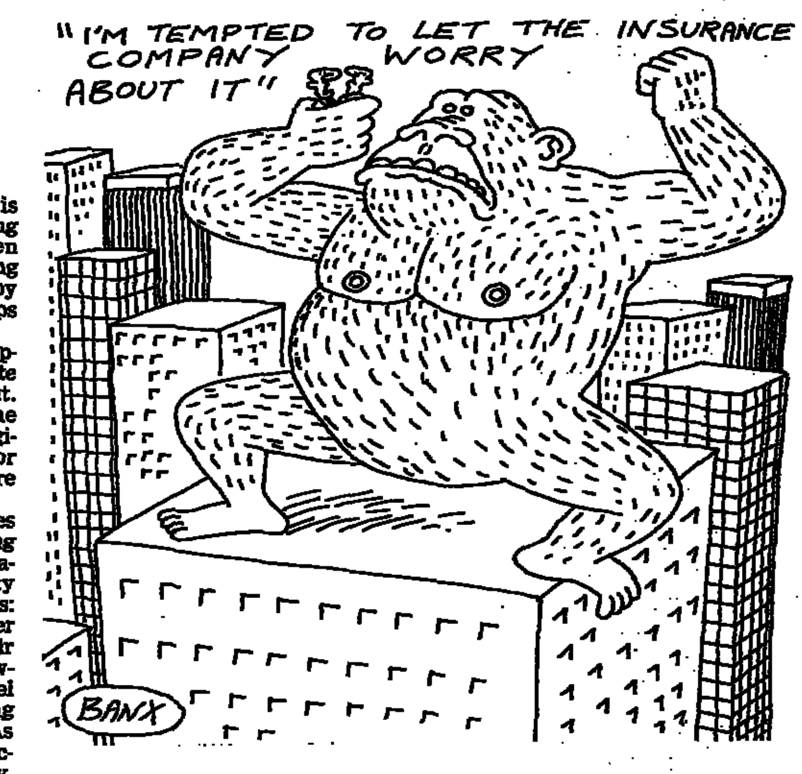
The more innovative techniques *may originate with property-owning* industrial and commercial companies, rather than with property companies as such, for two reasons:

● Increasingly, retailers and other trading companies like to get their properties and associated borrowings off balance sheet so as to dispel the impression that the trading operation itself is over-geared. As we have seen, this can be structured via a joint-venture company, with the vendor retaining an interest in the property. In giving guarantees of minimum rent increases to the joint company, the vendor may be coming close to giving a corporate guarantee of the interest on the joint company debt.

● It is the main industrial and commercial companies, rather than small or medium-sized property companies, which can provide the strength of covenant necessary for some of today's techniques. A guarantee of minimum rates of rent increase is of value only if it comes from a group with the financial strength to deliver.

The other factor in favour of rent increase guarantees is today's pattern of interest rates. With a property yielding, say, 8 per cent and interest rates at 16 per cent or so, there will be an income deficit in property financing arrangements even at debt-to-value ratios as low as 60 per cent. Lenders are sometimes prepared to roll up a proportion of the interest in the early stages, but only if the income looks like rising reasonably rapidly to eliminate the deficit. In these circumstances, guarantees of minimum rent increases can ease the cash flow calculations and are quite frequently used.

The danger is that in some conditions the underpinning of rent increases with corporate guarantees could result in over-rented buildings. These are unlikely to be popular with investors or, in the long run, with lenders.



Total Returns (%)

	Year to May '90	Quarter to May '90	Month of May '90
Retail	0.9	-0.9	-0.6
Office	8.8	-0.6	-0.7
Industrial	16.6	0.4	-0.2
All property	6.6	-0.5	-0.6

Source: Investment Property Data Bank

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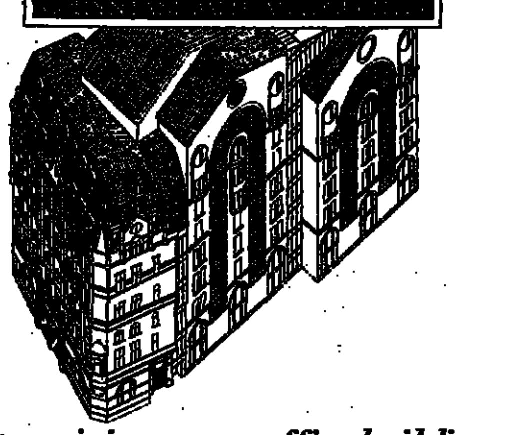

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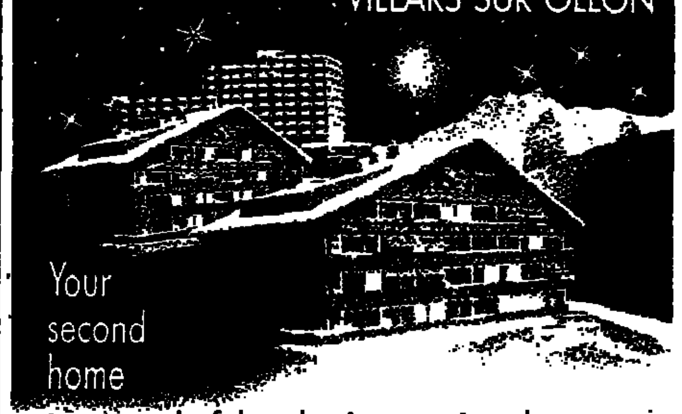

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ARTS

Arts Week

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July 6-12

EXHIBITIONS

London

The Royal Academy. The 222nd Summer Exhibition – the oldest established and largest open submission exhibition in the world. Too often underrated for its quality, it covers the broader centre ground of professional British art. Daily until August 19; sponsored by the Dai-Ichi Kangyo Bank.
The Tate Gallery. On Classic Ground – a large exhibition devoted to French, Italian and Spanish art of the first four decades of the century. It includes work by Matisse, Picasso, Braque and other established masters of the period but also much that is fresh and unfamiliar by the less well known, if no less deserving. Until September 2; sponsored by Reed International.
The Tate Gallery. The entire permanent collection has been rehung in a curatorial triumph.
The Royal Academy. Modern Masters from the Gelman Collection – a self-explanatory exhibition of masterpieces of the 20th century from Bonnard and earliest Picasso to Picasso the old man, by way of all the great names of the School of Paris, Matisse, Modigliani and the rest. Until July 15; sponsored by Guinness.

Paris

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.
Galerie Schmit. French masters of the 19th and 20th century. For the 25th anniversary of his yearly exhibitions Robert Schmit has assembled an impressive collection of paintings. There are works by Pissarro, Degas, Delacroix, Cezanne, Gauguin, Manet, Monet, Renoir and Picasso. 396, Rue Saint-Honoré, closed Sundays and lunchtime, ends July 18 (42603636).
Centre Georges Pompidou. Andy Warhol. Some 200 works retrace the career of the multi-facetted artist who, born of Czechoslovak immigrant parents in Pittsburg in 1928, became one of the main representatives of American Pop Art and part of the *Underground Culture* scene. Beaubourg. Closed Tue, ends Sept 10 (42771233).
Grand Palais. Joseph Wright of Derby. Some 80 paintings and 30 drawings sum up the career of the 18th century portraitist who introduced the *chiaroscuro* into English art. Closed Tue, Wed late closing, ends July 23 (42895410).
Galerie d'Art Saint Honoré. A Flemish 15th century retable. Around a large-sized 15th century Adoration of the Magi painted by an anonymous artist who combined to great effect northern realism with more than a dash of Italian mannerism, Monika Kruch assembled other works of religious inspiration. 267 Rue Saint Honoré (42601503), open Mon-Fri. Ends Sept 15.
Bagatelle Chateau and Trianon. Vienna 1815-1848 – the Biedermeier period. Vienna's museums have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turmoil of Napoleonic wars – the Biedermeier style. Bois de Boulogne. Ends August 15 (45012010).
Galerie Odermatt-Cazeau. 19th and 20th Century Masters. A thread of excellence runs through the exhibition, which begins with the impressionists and ends with an abstract Picabia. Monet's Charing Cross Bridge floats in a haze of pinks and blues. Ends July 28 (42669258).
Petit Palais. James Ensor 1860-1949. A retrospective of 100 paintings, 130 drawings and etchings brings to mind Ensor's provocative boast of "I am mad, I am stupid, I am nasty". Born in the land of Jerome Bosch and brought up in Ostend in a shop of seaside souvenirs full of carnival paraphernalia, he peoples his nightmarish universe with skeletons and grimacing masks. Closed Mon, ends July 22 (42651273).
Grand Palais. Pre-Columbian art in Mexico (1500BC – AD1521). Some 130 exhibits from Mexico's archaeological museums bear witness to the high degree of artistic development of the ancient civilisations of the Mayas and Aztecs. A deep religious sense imbues their imaginary world peopled with divinities often represented as jaguars and serpents. Closed Tue, late closing Wed. Ends July 30 (42895410).

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important restrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. Open all days. Ends Oct 28 (26/223978).

Brussels

Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres Italiens a l'Aube du XXe Siècle. Closed Monday.
Musée Wellington-Waterloo. Inedits sur Waterloo commemorates the 175th anniversary of the Battle of Waterloo. Daily ends July 31.
Fondation pour L'Architecture, 55 rue de L'Ermitage. Brussels, City of Architecture 1890-1958. Closed Monday.
Hotel Communal de Schaerbeek. Peintres de la Lys: Belgian Expressionist painters. Closed Sunday. Ends July 20.

Antwerp

Rembrandt Bugatti and Belgian Animal sculpture (1860-1930) closed Monday. Ends July 29. Hessenhuis, 53 Falconrui.

Rome

Galleria Nazionale d'Arte Moderna. Fabrizio Clerici retrospective: in a labyrinth designed by the artist himself and built in the gallery's workshops are hung a series of exquisite drawings and paintings, which move from a group of baroque drawings of Naples, inspired by a childhood visit, to intricate metaphysical works in pastel shades which manage to be simultaneously restful and stimulating. There are also references to Signorelli's apocalyptic frescoes at *Orvieto*, and the 19th century romantic Boecklin. Ends Sept 16.

Florence

Palazzo Vecchio. The age of Masaccio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 109 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Masaccio's birth) and 1440. Included are frescoes, sculptures and drawings by Paolo Uccello, Beato Angelico, Gentile da Fabriano, Donatello, Brunelleschi, Ghiberti and Filippino Lippi, and four paintings by Masaccio himself. Ends Sept 30.

Naples

Castel Sant'elmo. In the Shadow of Vesuvius: Naples through the eyes of European artists between 1400 and 1800: fascinating collection of over 300 oils, watercolours, prints and drawings of a city which has proved irresistible to artists and travellers for nearly five centuries. Opening with the 15th century Tavola Strozzi (painted by the pupil of Beato Angelico) where the city is seen from the sea bathed in improbable deep pinks and oranges, the exhibition includes gems such as a Brueghel (from the Thyssen collection), Gaspar van Wittel and the beginnings of the 17th landscape tradition, works by Hubert Robert, Wright of Derby, Jacob Philip Hackert, Turner and Corot. Ends July 21.

Venice

Palazzo Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gallery in Washington marking the 5th centenary of the painters birth is the largest for over 50 years. Over 70 paintings are on show, lent by American, Russian and European museums. Ends Oct 7 and goes to Washington.

Bologna

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200 works lent by Italian and foreign museums celebrating the centenary of the painter's birth. Limiting himself almost entirely to still-lifes and landscapes inspired by the countryside around his native Bologna, Morandi has been described as the painter of silence. Ends Sept 2.

Mannheim

Städtische Kunsthalle, Moltkestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

Essen

Villa Huegel 15. St Petersburg around 1800. This is the third exhibition to be mounted by the *Ruhr Cultural Foundation*, set up in 1984 by Berthold Beitz, head of the Alfried Krupp foundation. With 555 pieces on loan from Leningrad's state Hermitage Museum, the exhibitions details the developments of Russia from a great empire to a European power. St Petersburg was the residence of Peter the Great and acted as an intermediary between east and west. The exhibition covers the period from the 18th to the 19th century of tsars Paul I (1796-1801) and Alexander I (1801-1825) in its role as the political, intellectual and economic centre of Russia. This unique show gives a clear, variegated view of the historical importance of the period of the Russian empire, withpaintings, furniture, sculptures, costumes and porcelain. Ends Nov 4.

Madrid

Museo del Prado. Sanchez Coello (1531-1588). Some 50 paintings by this Spanish artist born in Valencia, predecessor of Velazquez. Mostly portraits painted in the court of Phillip II as well as some religious works. Ends July 30.
Palacio de Velazquez. Roman Bronze Objects in Spain. Over 500 objects from different Spanish museums. Bronze was not only used in art by the Romans, but, as this exhibition reveals, for a great number of purposes. The objects on show are of the most varied nature including official statuary, sculptures, toys, mining tools, medical instruments, toilet articles, a hydraulic pump. Closed Mondays.
Fundacion Caja de Pensiones. Georg Baselitz. Exhibition of this German artist's 1980's production, including paintings, sculptures, linocuts, pastels and drawings. Baselitz's work may be classified as expressionist but is above all strikingly original. Ends July 15.

Barcelona

Fundacion Caja de Pensiones. Edwuard Ruscha retrospective. Clear exponent of the latest artistic developments of the west coast of the United States, Ruscha aims to knock down art's traditional role and to offer an ironic view of reality. Closed *Mon. Ends July 15.*

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.
Museum of Modern Art. The first retrospective in America in 25 years marks the 80th birthday of Francis Bacon with 60 works dating back to his figure studies of the 1940s.
Metropolitan Museum of Art: The Russian Taste for French painting, representing three centuries of French masterpieces from the Hermitage and Pushkin Museums, covers Poussin to Matisse. Among the 51 works are major paintings by Watteau, Fragonard, Ingres, Manet, Renoir, Gauguin and Henri Rousseau. Ends July 29
Museum of Modern Art. New York gets to see the internationally organised exhibit of Matisse's paintings and drawings from 1912 and 1913 during the *critical period of his Moroccan* stay. Ends Sept 4.

Washington

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific, mining his familiar emotional themes of anguish, jealousy, death and loneliness.
National Gallery. More than 10 media are included in the major show of 112 of Jasper Johns's drawings over 35 years, exploring multi-media techniques in tracing, drawing and imprinting. Ends July 29.
Hirshhorn Museum. Paintings, drawings and sculptures from the Bay Area figurative movement of the 1950s and 1960s include works by Richard Diebenkorn, Elmer Bischoff and sculptor Manuel Neri among the 88 pieces on view.
National Museum of African Art. The national tour of artistic and religious objects, much of it sculpture, encompasses nine centuries of Yoruba civilisation. Ends Aug 26.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.
Art Institute. Before going to the Royal Academy in London later in the year, Chicago gets to see Monet's series paintings, including Haystacks, Poplars and Rouen Cathedral, all from the 1890s. Ends August 12.

Tokyo

Sogetsu Gallery & Hall. Yoko Ono. Her first exhibition in Tokyo in more than two decades: mainly sculptures and works in paper. Twenty of her films are also being shown.
Teien Museum. Perfume Bottles by René Lalique. What better venue for this charming exhibition than this former imperial residence whose main doors were designed by Lalique and whose Art Deco interior must surely be rated one of the finest in the world. Closed alternate Wednesdays.
Riccar Museum. Landscape Ukiyoe. Woodblock prints by Hokusai and Hiroshige, who established a new indigenous landscape tradition in Japan in the early 19th century, and by other artists who have pursued the same genre into the present day.
Meguro Art Museum. Josaku Maeda. Over 100 paintings by a Japanese artist (born in 1936), who studied in Paris and whose works are all based on the Mandala. The paintings are grouped by theme.
Shoto Art Museum, Shibuya. Japonisme. Exhibition of over 150 prints by late 19th century artists such as Whistler, Pissarro, Toulouse-Lautrec and Manet, who were influenced and inspired by Japanese crafts and ukiyo-e woodblock prints.

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman (Louise Gold takes over on July 2). Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).
Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).
Shadowlands (Queen's). Four-tissue weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorne and Jane Lapotaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (734 1166/439 3849).
The Wild Duck (Phoenix). Peter Hall's revival of Ibsen's tragicomedy champions the great Norwegian's humorous potential. Alex Jennings, David Threlfall and Nichola McAuliffe head the cast (071 240 9661).
Absurd Person Singular (Whitehall). Robust revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond, Richard Kane and Lavinia Bertram on fine form in a production which confirms Ayckbourn's early bleakness (071 867 1119).
Henry IV (Wyndham's). Pirandello's cat's cradle of fantasy and reality, identity and time in a production by Val May the sobriety of which belies its preproduction hijinks. Sarah Miles left the cast, but Richard Harris stayed to give a star performance as the nobleman who thinks he is an 11th century king (071 867 1116).
Vanilla (Lyric). Heavy-handed satire on New York super-rich and US-backed overseas dictatorships, directed by Harold Pinter, with a cast including Sian Phillips, Joanna Lumley and Gwen Humble, who do New York writer Jane Stanton Hitchcock prouder than she strictly deserves (071 437 3686)

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production.
Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalor as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation.
Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).
Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).
Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town*, *West Side Story* and *Gypsy*. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.
Cats (Winter Garden). Still a *sell-out*, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Starlight Express. Andrew Lloyd Webber's roller-skating musical slides into Washington on its national tour. Ends July 14. Kennedy Center Opera House (467 6700).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).
The Gospel at Colonus (Goodman). The season concludes with a visit from this widely toured spirited version of Sophocles, set in an Afro-American Pentacostal church. Ends Aug 12 (443 3800).

Tokyo

Kabuki. Kabuki-za (541 3131). The matinee at 11am is a mixed programme that includes a spectacular lion dance, while the 4.30pm performance consists of the even more spectacular full-length play, *Tenjuku Tokabe*, featuring magic and mayhem with kabuki superstar Ennosuke, master of the quick-change routine. Excellent earphone guide in English and English-language programme.

July 6-12

OPERA AND BALLET

Paris

Opéra. *La Sylphide* in Pierre Lacotte's choreography replaces *La Bayadere*, which will be produced later on (47425371).

Antwerp

Koninklijke Opera. The Royal Flanders Opera in Tchaikovsky's *Eugene Onegin* conducted by Rudolf Werthen staged by Adolf Dresen with Mireille Capelle, Pavel Chernykh and Chris De Moor (Sat 20.00).

Munich

Opera. This year's Munich Opera festival until July 31 starts with the premiere of Carl Orff's *Trionfi*, produced by Hans Neugebauer. The main parts are sung by Julie Kaufmann, Eike Wilm-Schulte, Ulrich Ress, Damacio Gonzales and Georgina von Benza. *Salome*, in August Everding's production, stars Helga Dernesch, Josephine Barstow, Bernd Weikl and Hermann Winkler. *Mathis der Maler* has John Broecheler outstanding in the title role, and Alan Titus, Claes H. Ahnsjoe and Sabine Hass in other parts.

Frankfurt

Opera. The successful Kievi brothers' opera debut last year has brought them back with a new *Macbeth* production. The cast is led by Rosalind Plowright, Juergen Freier, Rene Pape, Vinson Cole, conducted by house director Gary Bertini.

Stuttgart

Opera. *Der Fliegende Holländer* features Toni Kraemer, Helmut-Berger Tuna and Gwyneth Jones. Further offered Offenbach's *Der Karottenkönig*, and *Don Giovanni*. Last performance of *Der Freischütz*.

Milan

Teatro Alla Scala. Rudolf Nureyev dancing the part of the magician Rothbart in his version of *Swan Lake*, with the Scala corps de ballet and Isabel Seabra as Odette/Odile and Charles Jude as the prince (80.91.26).

London

Royal Opera, Covent Garden: *Arabella*, one of the company's more elderly productions, is revived for Kiri Te Kanawa as heroine and Jeffrey Tate as conductor. The cast also includes Marie McLaughlin, Peter Weber and Anne Howells. The first production in London for more than a century of Rossini's *Guillaume Tell* is a mixed success but still worth catching. It is produced by John Cox, conducted by Michel Plasson, and has Gregory Yurisich, Chris Merritt, Leila Cuberli and Robert LLoyd in leading roles. More performances of the company's much-revived *La Bohème* production by John Copley; Antonio Pappano conducts, and principals include Ilona Tokody, Dennis O'Neill and William Shimell.
English National Opera, Coliseum: no performances until August.

Rome

Terme di Caracalla. Rome Opera's open-air summer season opens with Mascagni's *Cavalleria Rusticana*, with Ludmila Semchuk, Vyacheslav Polozov and Bruno Pola and Leoncavallo's *Pagliacci*, with the young Italian soprano Fiamma Izzo d'Amico, conducted by Reynald Giovaninetti (46.17.55).

Verona

The Arena. 68th festival opens with a new production of *Aida* by Vittorio Rossi, with Maria Chiara, Nicola Martinucci and Fiorenza Cossotto. Also opening this week (Fri) is Carmen, with Grace Bumbry in the title role and Giuseppe Giacomini, Giorgio Zancanaro and Alida Ferrarini (29151).

Venice

Teatro la Fenice. Concert performance of Beethoven's *Fidelio* conducted by Hans Graf sung in German. The cast includes Mary Jane Johnson, Joanna Kozlowska, James Wagner and Kurt Rydl (5210161).

Turin

Teatro Regio. Gianfranco de Bosio's production of *Aida* conducted by Maurizio Arena, with Bruna Baglioni, Veriano Lucchetti and Giorgio Zancanaro (8815241).

PUBLIC NOTICE

Scottish Power plc

TAKE NOTICE that Scottish Power plc has applied for a Private Electricity Supply Licence in the following terms:

1. Full name of the applicant: SCOTTISH POWER plc

2. Address of applicant(s) or, in the case of a body corporate, the registered or principal office:
Cathcart House,
Spean Street,
GLASGOW.
G44 4BE

3. Where the applicant is a company, the full names of the current Directors and the company's registered number:
Donald John Miller
Ian Mathieson Hamilton Preston
Anthony Frederick Pexton
Duncan Whyte
Michael Andrew Smith
Ian Hamish Macdonald
Nicholas Christopher Dwelly Kuenssberg
Colin Hyndmarsh Black
Charles Murray Stuart

Registered No. 117120

4. Where a holding of 20 per cent or more of the shares (see note 1) of an applicant is held by a body corporate or partnership or an unincorporated association carrying on a trade or business with or without a view to profit the name(s) and address(es) of the holder(s) of such shares shall be provided:
Not applicable

5. Desired date from which the licence is to take effect:
1 JULY 1990

6. A sufficient description adequately specifying (see note 2) the nature and situation of the premises intended to be supplied, separately identifying premises within the power bands specified in and to the extent provided by paragraph 7 below:

All non-domestic premises with a demand of 1.0 MW or more in the following PES Areas:
Eastern Electricity plc
East Midlands Electricity plc
London Electricity plc
Manweb plc
Midlands Electricity plc
Northern Electric plc
NORWEB plc
SEEBOARD plc
Southern Electricity plc
South Wales Electricity plc
South Western Electricity plc
Yorkshire Electricity Group plc

7. (a) Subject to sub-paragraph (b) indicate the total number of premises intended to be supplied in each power band as shown in the table below, together with the aggregate energy forecast to be supplied and the aggregate estimated maximum demand (see note 3) for each power band.

(b) If the date in paragraph 5 above is on or after 1 April 1994 then only Power Band A shall be completed and if the said date is on or after 1 April 1998 then this paragraph shall cease to have effect.

Power Band	Number of premises	Aggregate maximum demand	Energy(Gwh) to be supplied
(A) Not exceeding 0.1 MW		NONE	
(B) Exceeding 0.1 MW but not exceeding 1.0 MW		NONE	

8. A description of the system of electric lines and electrical plant by means of which the applicant intends to supply electricity, indicating which plant and lines are to be constructed and which are existing plant and lines, and further identifying any parts of that system which will not be owned by or otherwise in the possession or control of the applicant:

Lines owned by:
The National Grid Company plc
Eastern Electricity plc
East Midlands Electricity plc
London Electricity plc
Manweb plc
Midlands Electricity plc
Northern Electric plc
NORWEB plc
SEEBOARD plc
Southern Electricity plc
South Wales Electricity plc
South Western Electricity plc
Yorkshire Electricity Group plc
Scottish Power plc

9. A statement of the extent (if any) to which the applicant considers for powers under Schedule 3 (compulsory acquisition of land etc.) and under Schedule 4 (other powers etc.) to the Act to be given through the licence for which he is applying:

As laid down in Conditions 10 and 11 of the Private Electricity Supply Licence granted by the Secretary of State for Scotland to Scottish Power plc on 28 March 1990.

10. Details of any licence held, applied for or being applied for by the applicant in respect of the generation, transmission or supply of electricity:

Generation, Transmission and Public Electricity Supply Licence,
Private Electricity Supply Licence

Copies of maps accompanying this application have been lodged at Regional Offices of the Office of Electricity Regulation and are available for inspection by the public between 10.00am and 4.00pm on any working day.

I.W. Thomson, Acting Company Secretary of Scottish Power plc.,
Cathcart House, Spean Street, Glasgow G44 4BE.

Notice of Early Redemption

SwedBank
(Sparbankernas Bank)
(The "Issuer")

U.S. $100,000,000
9.70 per cent. Notes due July 19, 1999 (the "Notes")

NOTICE IS HEREBY GIVEN that in accordance with clause 6(b) of the Terms and Conditions of the Notes the Issuer will redeem all of the Notes at their principal amount on the next interest payment date, 19th July 1990 (the "Redemption Date"), when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation of the Notes at the offices of any of the Paying Agents listed below together with all unmatured coupons attached, failing which, the amounts of any missing unmatured coupons will be deducted form the sum due for payment. Any amounts of principal so deducted, will be paid against surrender of the relative missing coupon within a period of ten years from the Redemption Date.

Accrued interest due 19th July, 1990 will be paid in the normal manner against presentation of Coupon No. 1 within a period of five years from the Redemption Date.

Paying Agents

Générale Bank
3 Montagne du Parc
B-Bruxelles

Banque Générale du Luxembourg (Suisse) S.A.
57 Rennweg
8023 Zurich

Amsterdam-Rotterdam Bank N.V.
Herengracht 595
P.O. Box 1220
1000 EH Amsterdam

Banque Belge Limited
4 Bishopsgate
London EC2N 4AD

Principal Paying Agent
Banque Générale du Luxembourg S.A.
14 rue Aldringen
2951 Luxembourg

Compagnie Nationale Air France

FF 600,000,000
Adjustable Rate Series A Bonds due 1996

In accordance with the Terms and Conditions of the Series A Bonds, notice is hereby given that for the interest period from July 7, 1990 to July 7, 1991, the Series A Bonds will carry an interest rate of 9.88 % per annum.

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

COMPANY NOTICES

WESTERN DEEP LEVELS LIMITED
(Incorporated in the Republic of South Africa)
(Registration No. 57/02349/06)

Listing of 225 942 S ordinary shares of R2 each, withdrawal of listing of 7 703 493 12 per cent unsecured debentures 1986—1993 and all share options

The Johannesburg Stock Exchange has granted a listing for 225 942 S ordinary shares of R2 each in the capital of the company with effect from July 2 1990, which shares were also listed on The Stock Exchange in London.

These S ordinary shares, ranking pari passu in all respects with the ordinary shares of R2 each except that they carry an additional preferential right to a payment of one cent per share in the event of the company being wound up, arise from the exercise of options to subscribe for S ordinary shares at R60 per share.

Details of the company's capital in shares of R2 each are:

		R
Authorised:		
27 194 115	ordinary shares	54 388 230
805 885	S ordinary shares	1 611 770
		56 000 000
Issued:		R
27 194 115	ordinary shares	54 388 230
510 461	S ordinary shares	1 020 922
		55 409 152

In addition, The Johannesburg Stock Exchange and The Stock Exchange in London have withdrawn the listings of 7 703 493 of the 12 per cent unsecured debentures 1986—1993 which were tendered in payment for S ordinary shares in exercise of the options and of all the share options. The remaining 7 420 807 12 per cent unsecured debentures 1986—1993 will continue to be listed on both stock exchanges.

Johannesburg
July 6 1990

AAC

CHARTER CONSOLIDATED P.L.C.

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

Notice is hereby given that the annual report and accounts of Charter Consolidated P.L.C. together with the auditors' report thereon for the year to 31st March 1990 may be obtained from Barclays Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

Subject to approval by shareholders at the annual general meeting on 30th July 1990, a final dividend of 13.0p per share will be payable on or after 1st August 1990 to persons presenting coupon no. 51 detached from share warrants to bearer. Coupons, which must be left four clear days for examination, may be lodged any weekday (Saturday excepted) between 10 a.m. and 3 p.m. at the Stock Exchange Services Department of Barclays Bank PLC, 54 Lombard Street, London EC3P 3AH, or at Credit Lyonnais, 19 boulevard des Italiens, 75002 Paris, or at L'Europeenne de Banque, 21 Rue Laffitte, 75428 Paris. Listing forms may be obtained on application.

40 Holborn Viaduct
London EC1P 1AJ

5th July 1990

NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN: PIONEER ELECTRONIC CORPORATION

We are pleased to announce that copies of the Pioneer Electronic Corporation Annual Report 1990 for the year ended 31st March, 1990, is now available to EDR Holders from The Bank of Tokyo, Ltd., 20/24 Moorgate, London EC2R 6DH, and the Agent, The Bank of Tokyo (Luxembourg) S.A., Residence St. Esprit, 1-3 Rue Du St. Esprit, 1475 Luxembourg.
Bank of Tokyo International Limited (London Depositary)
6th July 1990

ART GALLERIES

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Until 21 July. Mon-Fri 10-5.30, Sats 10-1.

LEGAL NOTICES

No. 004979 of 1990
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF CLARK CLAY INDUSTRIES LIMITED
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 21st day of June 1990 presented to Her Majesty's High Court of Justice for confirmation of the reduction of the Share Premium Account of the above-named Company by £1,380,853 from £1,448,966 to £68,103. AN NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday the 16th day of July 1990.
ANY CREDITOR or shareholder of the said company desiring to oppose the making of an order for the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.
Dated this 6th day of July 1990
Gouldens,
22, Tudor Street,
London, EC4Y 0JJ
Solicitors for the above-named Company.

Schubertiade 1990

HOHENEMS, AUSTRIA

Since they invented artistic politics, one should not be too surprised that the Austrians play them extremely well. But it is sad that an impenetrable air of intrigue should hang over the future of what is one of the few really serious music festivals left in Europe – the Schubertiade Hohenems. It is uncertain even whether concerts will ever again be given in the Rittersaal in the palace of the little town where the festival was founded 14 years ago.

This year the palace was shrouded in scaffolding. The owner has done a deal with the Vorarlberg *Land* authorities, who have paid for the building's restoration; in return, the *Land* will have first call on its facilities for the next ten years. It should be noted that neither the *Land* nor central government have shown more than cursory interest in the Schubertiade; public subsidy has never amounted to more than 5 per cent of the budget, so much so that the management has decided to forego subsidy altogether and fend for itself – and this is a festival that attracts many rather rich visitors year after year and has put the names of Hohenems and the Vorarlberg decisively on the cultural map of Europe.

Be that as it may, next year the palace will be taken over for a textile exhibition and all the Schubertiade concerts will take place in nearby Feldkirch. Ask about 1992, for which artists must have already been booked, and the answer is a shrug of the shoulders and "who knows?", but the appearance in the shops of "Schubertiade Feldkirch" postcards alongside the more familiar "Hohenems" ones gives rise to dark thoughts.

Does it matter? Yes, to the extent that the smaller the auditorium (Hohenems Rittersaal 300; Feldkirch Conservatory 600; Feldkirch Montfort House 900) the better the audience. Serious music-lovers from Europe and beyond sit as quiet as mice at Hohenems listening intently to music-making of the highest quality from artists who must go there for a fraction of their normal fee in order to perform for them. By contrast, at the Montfort Hall a large audience coughed and spluttered through *Die schöne Müllerin* (if Peter Schreier and András Schiff can concentrate for an hour, why the hell can't the punters?) and even interrupted the cycle with applause. Of course a mixed economy is the answer: all three halls must be used. But without the Rittersaal, Hohenemsis in dire danger of becoming just another festival.

As usual, this year's programme combined instruction with pleasure: Schubert's great masterpieces heard alongside less familiar works (and alongside rather too much Beethoven) cycle of And as usual Schubert's prodigious, modernist inventiveness, reaching out far ahead of his time, seemed ever more incomprehensible. I have long thought that no other 19th-century German composer needed have bothered – Schubert had said it all – but there were moments here when his genius stretched out even further afield: parts of the D894 piano sonata's finale are plainly by Chabrier, and the andante of the D664 sonata should be entitled "Eat your heart out Rakhmaninov," certainly as played respectively by Imogen Cooper and András Schiff in two memorable recitals.

To hear Schiff playing Schubert is, as we all know, to stand at the threshhold of paradise. but why is Cooper, so intensely musical, technically brilliant and witty a pianist, not just as world-famous? Presumably because she declines to be photographed for record sleeves draped across her Boesendorfer in a bikini. With luck her forthcoming debut with the Berlin Philharmonic will change all that.

Schiff accompanied both Schreier's *Müllerin* – the most intimate, hushed, inward performance I have ever heard, with the tenor in beautifully liquid voice – and Robert Holl's *Winterreise*. Holl, standing in for the indisposed Olaf Bär, is a bit of a problem. His huge bass voice is a phenomenon, often reminiscent of his mentor Hans Hotter, and the way he can fine it down to a thread of sound is both impressive and expressive – until you notice how often and how automatically he does it, when it starts to sound like a mere mannerism. After a little you can anticipate exactly how he is going to sing each phrase, and predictability is not an asset in *Winterreise*, any more than nearly an hour and a half is a reasonable time to take for it.

Holl's mixed recital, taking nearly two and a half hours, was launched with the three long, long Schiller ballad settings, in effect three miniature operas. One, surrounded by lighter fare, would indeed have been instructive; all three together were too much, as was the hour-plus of Doom and Gloom that followed, despite a fine performance of the deeply troubling "Der Zwerg."

In stark contrast was Brigitte Fassbaender's recital, short, beautifully chosen and magically accompanied by Graham Johnson. Fassbaender is now at her peak as a Lieder singer, fielding with supreme expressiveness the art of understatement for which her father was so famous. Her notably Green interpretation of "The Trout," with scarcely an eyebrow raised by way of "interpretation," spoke volumes about the sheer perfidy of humankind. Would that Uwe Heilmann could take a leaf out of her book: he sang "Heidenröslein" prettily enough but without ever indicating what it was about. His tenor is warm, and he phrases gratefully, but to sing well and smile a lot is not quite enough on the Lieder platform.

Two programmes of vocal quartets were instructive in that they reminded you that pieces written to be performed late at night amongst friends are not easy to put across in a formal concert situation: a few drinking songs go a very, very long way. Quartets, which dominated last year's Schubertiade, took second place to songs this year, but the Melos gave a quietly satisfying account of the C major Quintet, and the excellent Carmina Quartet wrung everyone's withers with "Death and the Maiden." But that's what we go to Hohenems for every year, to gaze into the abyss but, unlike the unfortunate composer, step back just in time.

Rodney Milnes

Alastair Muir

Cyril Ikechukwu Nri

The Dragon Can't Dance

STRATFORD EAST

The clapboard tenements among which this calypso musical is set create a familiar ambience of downtown Caribbean, where the flesh is poor but the spirit is rich. We are back in the mid 1950s, that watershed in the West Indian consciousness which marks the beginning of the end of colonial subjugation, but also the first mass emigration to the land of opportunity. And like any watershed, it provokes mixed emotions: nostalgia for the good old days coupled with political and cultural indignation at the bad old ways.

Earl Lovelace who, as Talawa's programme points out, is one of the few Caribbean writers of his generation to have stayed on in Trinidad, wrote *The Dragon Can't Dance* originally as a novel, which goes some way to explaining its inadequacies as a play. His intention, one gathers, is to explore the danger, racism and revolution that snake through the streets of Calvary Hill, a slum area of Port of Spain.

His emblem in this investigation is the carnival – a celebration which gives a purpose and a glamour to humdrum lives that are personified in Aldrick (Cyril Ikechukwu Nri), young stitcher of dragon costumes, and in Philo (Oscar Dames), a middle-aged calypso crooner. The course of the play takes both away from their roots – Philo through success and Aldrick through a prison sentence imposed for holding a policeman at gunpoint at carnival time.

The ambiguity of Lovelace's position emerges through old-fashioned love interest: while Philo leaves his floozie, Aldrick abandons his unacknowledged sweetheart to the courtship of Mr Guy, a rent collector turned town councillor who woos her with material advancement. In both cases, the romance is taken out of life in a way that is directly analogous with the commercialisation of the traditional carnival. Dragons just ain't dragons any more.

While one can see how these themes could be stitched through a novel, in play form they are underformulated. Ideas are picked up and abandoned, a case in point being the subplot of racism within the slum community towards an Indian couple recently installed in their midst. The acquisition of a shiny new bicycle provides the focus for a communal jealousy of no-hopers towards achievers, but the full impact of these emotions is never quite felt because they are never quite integrated.

Andre Tankar's score provides some good but unexceptional tunes for a show which, despite some accomplished singing from Oscar James, resists the best efforts of director Yvonne Brewster to evoke the social complexity slum life. Part of the problem, as Felix Cross discovered with the more recent *Glory!*, lies with the structural irreconcilability of carnival forms with conventional staging: they need a flamboyance and an expansiveness that your average small ensemble does not possess. In this case there is also a lack of a cohesive political vision or a persuasive dramatic voice.

Claire Armitstead

The Rolling Stones

WEMBLEY STADIUM

If the streets of London seemed deserted on Wednesday night it was not just because of some football match: the Stones were playing Wembley for the first time in eight years.

There are worse ways of living through an England defeat than watching the Stones. Somehow 70,000 people were telepathically tuned in to the events in Turin, and the Stones stage show, nothing less than Titanic, was a Wagnerian accompaniment to the action off-stage. "Almost hear you sigh" played in the English equaliser to the loudest Wembley cheer since Mandela materialised there, and the death knell of the penalties filtered symbolically through during a poundingly insistent version of "Paint it Black." Jagger, who gives ground to no man, acknowledged the competition when introducing the Stones'latest instant rock standard, "You are not the only ones with "Mixed Emotions."

If the Stones call it a day after this global tour they will have gone out at that elusive peak – where rock energy meets showbiz spectacle. All the boring bits that cost millions worked a treat – lights pierced and whirled and filtered as if Zeffirelli was working the controls. In "Sympathy for the Devil," the vast set glowed a hellish red like a city about to combust. The sound took on a cold windy Wembley evening and just about won.

The special effects, two sixty foot high grotesque dolls that inflated during "Honky Tonk Woman" and three snarling Rottweilers that added extra venom to "Street Fighting Man," had a numbing Grand Guignol impact. Jagger, of course, disappeared up a Rot's polystyrene nostril at the climax – a unique exit for a costume change.

What made all the critics who write off the Stones as boring old tarts look petty was the enthusiasm which the middle aged millionaires put into the performance. Charlie Watts, as impassive as the Buddha, held the band together from the drumkit and Bill Wyman and Ronnie Wood played equally invisibly invaluable support roles. But Keith Richards is having the time of his life as he celebrates being the first, and most unlikely, rock guitarist to achieve immortality. He can still play prone. Even Mick Jagger felt him for re-assurance a couple of times.

The Stones are about the only band to benefit from arena rock. Ths vast distances make nonsense of their ages: perhaps Jagger has given up some of the sexual braggadocio, but there is still the snarl, the jacket eased off a provocative shoulder, the skip along the vast catwalk and the strut back. All our yesterdays came up as fresh as tomorrow and no band can casually unleash such a powerful repertoire.

There was a bluesy feel to this performance (the repertoire changes by the night) with a prolonged "Midnight rambler," and a posturing "Little Red Rooster," but all the crowd pleasers are here, ending with mutual "Satisfaction."

The Stones don't have to try any more but somehow they do. Perhaps the best, the happiest, and the only sentimental moment of a two hour plus show was when they played "Its only rock and roll – but I like it" to the accompaniment of a visual history of pop on the giant screens. There was just the merest glimpse of the Stones of the 'Sixties. They don't doubt their place as the ultimate villains that have become the last rock heroes.

Antony Thorncroft

The School for Wives

DERBY PLAYHOUSE

Molière's perennial comedy *The School for Wives* is usually seen as a question of ethics – the ethics of incarcerating a pure young girl, educating her specifically to your marital needs, and then when she reaches the age of 18, marrying her. You, in this instance, being either Molière himself, the late Louis Jouvet, or any other semblance of a pompous, lecherous, bon bourgeois and potential cuckold, the far side of his 40th birthday.

In the current Derby Playhouse production by Neil Bartlett and Annie Castledine, it has become much more a question of ethnics. The structure, the narrative and the sense of the original have been retained in this new version of the text by Batlett, but the period has been shifted to a pantomime Derby of 1990 in which Arnolphe de la Souche has become Arnold, a City Councillor, and Agnes, the heroine, a black girl from a one-parent family he has set up in a little a house where he hopes to keep a watchful eye on her.

There was a version of this play in the 1950s, *Let Wives Tak Tent*, by the Glasgow Citizens Theatre with Duncan MacIntyre, in which the whole thing was translated into broad Scots. It came over rather well because in spite of the Scottish dialect it stuck pretty closely to the original. Here at Derby, in a production bursting with energy, many liberties have been taken. Not all of them benefit the play. But this does not detract from the skills of the two principals. Robert Austin as Arnold has powerful comic technique, he presents a big angry baby of a man, mouthing Thatcherite slogans, a vulnerable petty tyrant, for whom he wins considerable respect. Josette Bushell-Mingo, who plays Agnes, also has a great deal of raw power that is impressive; her entrance in a simple blue dress, quietly knitting, was a fine heart-stopping moment. She has a whole quiverful of attractions – confidence, clarity, agility being uppermost, but not the one that is essential for this role, innocence. Luckily here it is soon replaced by cunning and self-assertion inspired by her love for a man in her own age group (David Westhead, an agreeable smoothie).

The comedy is concise; it makes its points rapidly and ironically; it demands speed; but in Derby its classical outline is embroidered almost to extinction, blurred out of sight by the use of a pair of comic servants – Marcello Magni and Kathryn Hunter – doing a series of *comeddia dell'arte* routines that seem to go on for ever; and some of the text is underlined with musical interludes played on two pianos by Peter Honri and John Gould. All four work as hard as any group of clowns in a circus and they win many distracting rounds of applause. In a Christmas show this might be highly acceptable, but it seems a bit early for that.

Anthony Curtis

Arditti Plus

ALMEIDA FESTIVAL

As Tuesday's concert by the Arditti Quartet got underway in the Union Chapel, one was puzzled by the young composer's recommendation that this opening piece should be heard "as an elegiac Adagio." It was a clear-cut sequence of episodes, each intricately knitted but all sharply contrasted, though mostly hushed; towards the end the music seemed to aim at more direct expression, but what went before had made inadequate grounding for that – and in the Mahlerian sense, an "Adagio" it certainly wasn't.

All was explained by the second work, Jay Allen Yim's Pollock-inspired *Autumn Rhythm*, which was what we had been reading about while actually hearing Franco Donatoni's *La souris sans sourire*. In fact the Donatoni piece was typical of what many post-serial composers of his generation have come to now: sedulously audible, craftsmanly little structures dressed in extreme instrumental modes and softened by the odd appealing phrase.

Donatoni does it expertly, and I don't doubt that further acquaintance with "The Unsmiling Mouse" would disclose many more artful connections. But Yim is more seductive – though *Autumn Rhythm* fulfilled his description of the music so well as to be worrying: is it wise to know so well what one's doing? It is indeed a proper post-Mahlerian Adagio, developing steadily through elaborate feints and detours to stripped-down, candidly passionate utterance. The diction owes much to Berg and even Strauss; Yim seems to have borrowed only what he wanted from old *Mitteleuropa*, with a post-modernist's disdain for its venerable "symphonic" roots. I expect his surface-idiom will change out of recognition before long, but he sounds like a real composer.

So does Vic Hoyland, though his new Piano Quintet (Yvar Mikhashoff's alert piano was the "Plus" of the concert-title) is not post-modernist but resolutely neo-romantic. The ensemble itself is handled in 19th-century style, with plenty of sonorous doubling; the piano is usually either a plain reinforcement for the strings or flatteringly reinforced by them, and Hoyland's writing for the quartet is mostly solid and homophonic, without contrapuntal debate. Harmonically, the music seems within shouting distance of Fauré. Yet the thematic line has a speaking conviction which sounds entirely personal, and the whole piece a well-argued force.

Each of those works took about a quarter-hour. Benedict Mason's String Quartet no. 1 took 40 minutes, justified by its express determination not to go anywhere too purposefully. Instead, during its five continuous movements it displays a few musical fragments against backgrounds of high harmonics, soft pedal-notes and iridescent twinkling *à la* Britten, runs fast-forward for a while, pauses to linger, strides off again in canonical style and at last slows to look back in reminiscence.

It boasts a wholly English sense of knowing non-urgency and elegantly modest disclaimers. Mason used to be the principal viola of the NYO, and he writes exquisitely for string quartet. The Arditti players played it out with absolute conviction. A marvellous team.

David Murray

Future plans for National Gallery

The National Gallery, the great success story among our national artistic institutions, held a press conference yesterday full of its bold, well funded, plans for the completion of the Sainsbury extension next January and the re- furbishment, mainly funded by business, of its existing buildings. It is also launching a campaign for the pedestrianisation of the north of Trafalgar Square, making access to its pictures more pleasant.

The only slightly disturbing note is that, for the first time at the NG, admission charges will be levied for the major exhibitions which will feature in the Sainsbury wing, but since the first is paintings from the Royal collection (sponsored by Coutts, the royal bankers) and the second, in spring 1992, is the best Rembrandt exhibition for ages (sponsored by American Express), criticism will be tempered.

A.T.

Measure for Measure

ROSE THEATRE, OXFORD

Oxford's Rose in St. Aldate's is no replica of London's ruin, but the main chamber of the Newman Rooms, off St. Aldate's. Here is an oblong stage, two rods long, as builder John Griggs would have had it in 1587, by one rod wide, surrounded on all sides by a single level of seats.

This gives John Retallack (director) and Kenny Miller (designer) an opportunity to present the Oxford Stage Company's *Measure for Measure* in something like 16th-century style, and so they have. There is seldom any furniture on the stage; the necessary table or chair is brought on by stage-hands. The costumes are of today, with variations, perhaps because Vienna has become Siena; so is the playing. Costumes matter, for we must believe that people on the stage resemble people in the street. Last century, the plot was thought improper; for our own time, it is silly.

John Michie's Duke is a beautiful man in his early thirties. We may accept his frivolities, less so the respect with which the mature Angelo and Escalus (Terry McGinity and Tony McCrean) treat him. Still less, his apparent wisdom, for he is only wise for theatrical effect. He advice to Claudio, "Be absolute for death," is pointless when he is determined that Claudio shall not die; and the tricks he plays with Angelo, Isabella, Mariana, Claudio and Lucio after his reappearance at the gate are unforgivable – except dramatically.

Of those victims, Isabella alone is truly serious. She is a very Portia rebuking Angelo with "'Tis excellent to have a giant's strength." This truly is the girl who asked, as she entered her nunnery, "And have you nuns no further privileges?" When Angelo boldly says "I love you," she pauses nearly 10 seconds before her apt reply. Mariana (not the absent Boy) sings "Take, O take those lips away" in a jazz setting by Howard Goodall, and a retired jazz singer is how Mella Marin portrays her

John Retallack evidently sees the weakness of the story, and has underlined the comedy – such comedy, that is, as he has left us. Elbow (Richard Henry – also, rather better, the Provost) makes his predictable "misplaces" in the guise of a retired army sergeant. William Lawrence is so skinny a Pompey that Escalus's remark that his bum is the greatest thing about him is pointless. We see too little of Mistress Overdone, Mella Marin again, in a great black wig.

David Solomon as Lucio gives the best performance of the evening, even without the help of his two fellow-wits, so this unwelcome joker is always welcome. The same actor plays Abhorson, in a black mask, the essence of capital punishment. The production tours this autumn, to Arundel, Lincoln, Harlow, Chipping Norton, Basildon and Crawley.

B.A. Young

ARTS GUIDE

July 6-12

MUSIC

London

Benny Goodman 1938 Carnegie Hall concert recreated by the Bob Wilber band (Fri). Barbican Hall (638 8891).
City of London Sinfonia, conducted by Barry Jekowsky, in a programme of music by Schubert, Handel, Grieg and Beethoven (Sun). Royal Festival Hall (928 8800).
I Solisti Veneti plays opening evening concert in the City of London Festival (Mon). The Mansion House (248 4260).
Poulenc performed by the Whitehall Choir (Mon). Queen Elizabeth Hall (928 8800).
Scottish Chamber Orchestra conducted by Paul Daniel in works by Mendelssohn and Mozart (Weds). Queen Elizabeth Hall (928 8800).
Royal Philharmonic Orchestra conducted by Barry Wordsworth with Margaret Price (soprano) in Strauss's *Four Last Songs* (Thur). Royal Festival Hall (928 8800).
Borodin String Quartet in works by Schubert, Shostakovich and Beethoven (Thurs). Queen Elizabeth Hall (928 8800).

Summer Festivals in France

Paris

Chopin Festival, Orangerie de Bagatelle. Ends July 15 (45012010, 40679700).
Festival Estival. Yves Castagnet, organ: Franck, J.S. Bach (Mon) Saint-Germani des Pres Church. Orchestre National de France conducted by Theodor Guschlbauer: Haydn, Schubert (Tue). Radio France-Grand Auditorium Ensemble Organum conducted by Marcel Peres: Cistercian chants(Thur) Notre-Dame du Travail Church, 59 Rue Vercingetorix. Bookings: 48049801.

Beaune

International Encounters. L'Orchestre du Siecle des Lumieres, Gand Collegium Vocale, Amsterdam Baroque Chamber Orchestra and Ton Koopman, the Soviet State Symphony Orchestra. June 29-July 22 (80222451).

La Chaise-Dieu

La Grande Ecurieet Chambre du Roy, conducted by Claude Malgoire, Moscow Philharmonic Orchestra. Aug 23-Sept 3. (71094828).

Brussels

The Brussels Choral Society, Da Capo 2000 Children's Choir and the Brussels Festival Orchestra conducted by Robert Janssens with soloists perform Carl Orff's Carmina Burana (Fri). Palais des Beaux-Arts.
Worcester Cathedral Choir conducted by David Hunt with Adrian Partington in a programme of Bach, Bruckner, Elgar, Schutz and Villette (Sat). Eglise des Carmes (344.6877).

Amsterdam

Radio Chamber Orchestra conducted by Leopold Hager, with Bella Davidovich (piano) (Fri), with Dagmar Schellenberger-Ernst (soprano) (Sat) and with Yong Uck Kim (violin) (Sun). Mozart festival. Concertgebouw (718 345).
Daniel Wayenberg (piano). Chopin, Liszt (Tues). Concertgebouw (718 345).

Schleswig Holstein Festival

This year's 5th Schleswig Holstein festival, initiated and directed by Justus Frantz is an important and very successful event for this neglected region and has been enlarged to nearly 180 concerts in 32 different venues. World class musicians will be performing in towns and villages from Flensburg in the north to Lueneburg in the south. There will also be master classes. The festival's own orchestra, with 120 members from 22 different countries, will train throughout the summer in Salzau with 5 different conductors, Sir Georg Solti, Christoph Eschenbach, Jiri Belohlavak, Paavo Berglund and Semyon Bychko and they will be performing 10 concerts during this festival. Soloists include Alban Berg Quartet, Igor Oistrach, Natalia Gutman: Boris Pergamenschikow, Heinrich Schiff, Olaf Baer, Dietrich Fischer-Dieskau, Hermann Prey, Peter Schreier, Arleen Auger, Christa Ludwig, Rudolf Buchbinder, Barry Douglas: Katia and Marielle Labeque, Murray Perahia and James Galway. The programme ranges from Bach to Beethoven, Brahms to Bruckner, Mahler to Mozart, Tchaickovsky to contemporary composers. Until August 19. Information: Kartenzentrale Schleswig Holstein Musik Festival Postfach 3840, 2300 Kiel Tel (0431) 567080.

Rome

Jose Carreras, Placido Domingo and Luciano Pavarotti in a joint recital on eve of the World Cup Final, with the orchestras of the Maggio Musicale and the Teatro dell'Opera conducted by Zubin Mehta, Terme di Caracalla. (Sat) (46.17.55)
Serenate in Chiostro 1990. Chamber concerts in the beautiful cloister of S. Maria della pace (Piazza Navona) (6868441) (until July 28th).
Roma/Europa festival is spread over three sites: Villa Massimo, which offers the splendid Vladimir Derevianko dancing with the Napoli Dance Theatre in *Witches, Demons and Gods*, with choreography by Luciano Cannito (Fri) and the Dresden Tanztheater Staatsschauspiel dancing Dore Hoyer's work *Afectos Humanos*, based on the portrayal of five basic human emotions: vanity, hate, greed, fear and love (Thur); Villa Medici offers Cristina Hoyos performing flamenco dances, attempting to bring out links between flamenco in its golden period and cafés chantantes; while at Villa Borghese can be seen the original version of *Ben Hur*, restored by Thames Television helped by the British Council with the soundtrack played live by the Munich Symphony Orchestra conducted by Carl Davis (Tues) (67.61.243).

Ravenna festival

Teatro Alighieri. Pier Luigi Pizzi's production of Antonio Salieri's *Les Danaides*, conducted by Gianluigi Gelmetti. Daniela Dessi, Jean-Luc Chaignaud and Raul Gimenez lead the cast (32577).

Spoleto

33rd Two Worlds festival is almost the only cultural event to ignore the World Cup climax this week. Performances include Richard Strauss's *Elektra* conducted by Spiros Argiris, in a stark and abstract production by Gunter Kramer, with sets by Carlo Diappi, at the Teatro Nuovo and Mozart's *Le Nozze di Figaro* conducted by Oliver Gilmour at the Teatro Caio Melisso. Also at the Teatro Nuovo is the young French choreographer Angelin Preljocaj, while at the Teatro Romano is Africa Oye': dancers acrobats and musicians from all over Africa, and the splendid Julio Bocca with his Compagnia del Balletto Argentino (40396).

New York

Niedersaechsische Staatsorchester Hannover conducted by Peter Tiboris. Tchaikovsky, Glass, Barber (Mon). Avery Fisher Hall, Lincoln Center (874 6770).
Granite Youth Symphony Orchestra conducted by Richard Chatelain. Tchaikovsky, Reed, Welch (Tue). Carnegie Hall (247 7800).
Mostly Mozart Festival. Mostly Mozart Festival Orchestra conducted by Gerard Schwarz with Alicia de Larrocha (piano), Frances Ginsberg (soprano), Sally Wolf (soprano), Vinson Cole (tenor), Werner Klemperer (guest artist). Mozart (Tue, Wed); Izhak Perlman violin recital with Emanuel Ax (piano). Mozart, Beethoven (Thur). Avery Fisher Hall, Lincoln Center (874 6770).
St Luke's Chamber Ensemble with Scott Kuney (guitar) and William Schimmel (accordian). Giulani, Ibert, William Schimmel (world premiere), Beethoven (Thur 4:15). Caramoor Festival, Katonah (914 232 1252).

Chicago

Ravinia Festival. Heinrich Schiff cello recital with Samuel Sanders (piano). Bach, Schnittke, Brahms, Martinu (Mon); Shura Cherkassky piano recital. Bach, Weber, Chopin, Berg, Stokhausen, J. Strauss Jr (Tue); Chicago Symphony Orchestra conducted by James Conlon with Young Uck Kim (violin), Tatiana Troyanos (mezzo-soprano) and the Chicago Symphony Chorus directed by Margaret Hills. Mozart, Mahler (Thur). Highland Park (728 4642).

Washington

National Symphony Orchestra conducted by Maxim Shostakovich with the Paul Hill Chorale and Leonidas Kavakos (violin). Mozart, Makris, Mendelssohn, Tchaikovsky (Wed). Kennedy Center Concert Hall (467 4600).

Tokyo

Orchestra Filarmonica della Scala Milano, conducted by Ricardo Muti. Brahms, Prokofiev. Bunkamura, Orchard Hall (Mon). Rossini, Mozart, Verdi programme at Showa Women's University, Hitomi Memorial Hall, near Sangenjaya (Tues) (221 0080).
London Symphony Orchestra, conducted by Leonard Bernstein and Michael Tillson Thomas. NHK Hall (Mon) (289 1774).
Krzysztof Jablonski (piano). Chopin, Ravel, Debussy. Tokyo Bunka Kaikan (Thurs) (824 7003).

SALEROOM

Fairy godmother time

Christie's discovered a Fairy Godmother yesterday when "Basia" Seward Johnson, who inherited a sizeable chunk of the Johnson & Johnson fortune, paid £8.58m for the Badminton cabinet, an auction record for any item of furniture, or indeed of decorative art. So a piece of Italianate furniture, produced in the Grand Ducal workshops in Florence by the Foggini family around 1725 for Henry Somerset, 3rd Duke of Beaufort, will move to the contemporary rich, the Polish born widow of an American baby powder manufacturer, and out of the country which has been its home for 250 years.

The cabinet is a bizarre piece. Very ornate, made of ebony, gilt, bronze and pietra dura, and 15 inches high. It is hardly to contemporary English taste which accounts for the fact that the heritage lobby is wringing its hands at its likely export but is not prepared to launch an unsuccessful appeal to try to save it.

The Victoria & Albert Museum could have bought it for £4m – that was the wish of the current Duke, who is selling to pay off Inheritance Tax and to shore up Badminton – but with museum purchasing grants frozen for five years and limited to £13m annually for all the major museums, a rescue operation at £8.58m is beyond public funds. However the loss of the cabinet is useful ammunition for the pressures mounting to strengthen the crumbling safeguards over the export of important works of art from the UK.

Mrs Johnson is a keen collector of 17th century paintings which will set off the cabinet well. It is likely to go on loan, perhaps to Poland, the object of her devotion. The rest of the sale of English furniture was a great success, with many "fresh" lots doubling their estimates.

Sotheby's was also happy yesterday, selling, on behalf of Lord Rosebery, a marble bust of Alexander Pope by Roubiliac for a record £935,000 to the Yale Centre of British Art. There could be an attempt to save this from export.

Antony Thorncroft

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Friday July 6 1990

The party and perestroika

MR Mikhail Gorbachev might do worse than reflect on the first law of Marxism (slightly amended): that he should not want to be leader of the Communist Party whose 28th Congress would have him as general secretary.

This is Groucho Marxism, of course: but the public utterances of those who claim to be in the Karl Marxist tradition this past week must have made the American comic more attractive to Mr Gorbachev than the German philosopher. The old leftists of the Congress have pledged their support to him: but it is the support (to move to Lenin's section in the book of quotations) of the rope to the hanging man.

Mr Gorbachev was received with the minimum courtesy. But the man whom he put in charge of economic reform, Dr Leonid Abalkin, was given a slow handclap when he said that "there is no alternative to the market". All reference to the market was deleted from the party programme. Mr Vadim Medvedev, the ideology chief, was pilloried for leaving the party to flounder in a demoralised morass. Mr Yegor Ligachev, back from the political wilderness, was enthusiastically received when he attacked private property. Those who clothed their rhetoric in Leninism went down well. Though the old hard left does not necessarily command a majority here, they are the most confident and vocal force, greatly strengthened by the formation of the Russian Communist Party last month under the leadership of Mr Ivan Polozkov.

Largest blunder

The general secretary has not been able to get his leading cadres to accept their own slow death: we have witnessed, in the past few days, the revenge of the apparatus. This Congress, which he was instrumental in bringing forward to force the pace of change, has instead become an old left sounding board: what had seemed like another shrewd move from the master tactician now, in retrospect, seems like one of his largest blunders yet.

But the outcome of this might still be hopeful. The Congress has so far made it plain that the party is not in a radical mood: that its most combative members prefer refuge in Leninism to a contemplation of reality. This is at least clear.

Strong fears

The arguments for Mr Gorbachev to remain as head of the party have been – still are – impressive. It remains hugely powerful – in the ministries, the enterprises, the institutions, the military and the KGB: indeed, the latter two bodies would probably still take their orders from it, rather than the Government, if a choice had to be made. As a letter published on Wednesday by 47 prominent political figures made clear, there are strong fears that party old leftists could coalesce with the military to effect a coup. Better, it has been assumed, that Mr Gorbachev remains head of the party than that it pass to weaker, or to potentially hostile, hands. Less dramatically, it has also been assumed that only the party could continue to push perestroika along its wandering and increasingly rocky path.

Yet the 28th Congress may now have dictated that the large risks in locating reform on a power base outside the party must be taken. Beyond the Kremlin Hall in which the debates rage, even the most hidebound of the delegates must have an inkling of how unpopular the party has become, and of how self-destructive, at home and especially abroad, would be the task of reasserting its grip on society. Dr Abalkin and Mr Eduard Shevardnadze, the Foreign Minister, pointed out at the Congress that the supreme authority for the Soviet people must be their Government and not the party. It is leaders like these who ride the tide of Soviet history.

Mr Gorbachev can go with them only if he has a popular base. His delay in seeking a mandate for his presidency was mistaken: now must be the time to rectify that mistake, perhaps after ensuring that Mr Boris Yeltsin, the Russian president, will not oppose him. If the 28th Congress can precipitate such a severance between party and state, it will have been momentous indeed.

Union leaders out of control

MR Gavin Lightman's inquiry into the use of funds intended to help striking miners in Britain during the 1984-5 pit strike makes disturbing reading. Five years after the strike ended in defeat for the National Union of Mineworkers, its two national officials were still concealing an array of unofficial bank accounts and trusts. They were behaving as if the union was still in a state of emergency which required such secrecy.

Mr Arthur Scargill and Mr Peter Heathfield were not using these funds for their own personal gain. But they were unwilling to tell the union's elected national executive about funds established during the strike to avoid the effects of sequestration. Mr Scargill, the union's president, even believed that money contributed by miners in the Soviet Union during the strike was not legally the NUM's property.

The inquiry, carried out after accusations were made against Mr Scargill in the Daily Mirror newspaper and on Central Television, does not provide a full answer to the question of why the two men behaved in this way. Mr Heathfield told Mr Lightman that he did not tell the executive about a sum of £580,608 in one trust fund because it would undermine his plans for the union to cut costs.

Mr Scargill believed that some of the money contributed during the strike was not legally the NUM's property. Mr Lightman says that he sacrificed the NUM's financial interests to those of the International Miners Organisation in Paris, which controls one of the funds. Mr Scargill is also president of the IMO, a body said by Mr Lightman to have no proper financial controls or audits.

Pit closures

Mr Scargill's conduct is not entirely surprising. He has shown no sign since the strike of having given up hope that the NUM's members will revolt again against pit closures. Partly as a result, the NUM has been excluded from national pay negotiations and increasingly ignored by British Coal. The union's membership and influence within the industry have both declined disastrously.

It none the less raises two questions about the governance of the NUM and other unions. The first is whether the financial controls on unions set out in the 1974 Trade Union and Labour Relations Act are sufficiently strict. The NUM's national officials managed to exclude any mention of these accounts and trusts from the returns it makes each year to the Certification Officer for unions.

Inadequate returns

When Mr Scargill finally disclosed the existence of the accounts under threat of public exposure, he claimed to have been vindicated by an audit described by Mr Lightman as "a very limited, and for practical purposes, meaningless exercise." The Government should review whether the interests of union members are being served by a law which allowed the NUM to make such inadequate financial returns.

The second question is for the 15 members of the NUM's executive, from which the two national officials are supposed to derive their authority and power. Mr Lightman's inquiry makes it clear that Mr Scargill and Mr Heathfield have consistently kept the executive in the dark about the union's financial position for five years. Mr Scargill said he could see nothing wrong in them doing so.

The NUM executive must choose whether to let itself be treated with this degree of contempt in future. The next time Mr Scargill must face the discipline of a ballot for the union's presidency will be 1993, if the NUM survives as an independent union that long. It would be best for the union's declining membership if Mr Scargill was placed more firmly under the executive's control until then.

Mr Scargill has led the NUM into a state of impotence by behaving as if the strike never ended. He has been entitled to do so, despite the foolishness of the stand. But the inquiry has disclosed something more disturbing: a union leader acting ultra vires five years after his only excuse for doing so expired. The NUM executive should fulfil its proper role and put a stop to such behaviour.

Forgive but not forget

Stephen Fidler on a Group of Seven review to ease Third World debt burdens

In the eight years since Mexico's announcement that it could not pay its debts to foreign banks precipitated the Third World debt crisis, almost all efforts to resolve the problem have been concentrated on the debt owed to banks. But the problems posed by the huge sums owed by Third World countries to western governments have been looming ever larger.

Against this background of growing official debt, a new debt review is being undertaken for next week's economic summit of the leaders of the Group of Seven industrialised countries in Houston.

Most western governments have already converted many aid loans into grants. But their freedom to do the same with export credits to developing countries has been constrained by the consensus applying to export loans. The consensus, operated through the Paris Club of creditor governments, is meant to prevent one country gaining trade advantage over others through overaggressive export credit subsidies. Any initiative from the G7 would need to give the lead to alter the consensus and provide official debt relief for a group of indebted countries.

The intellectual arguments for governments to forgive trade debts have been growing more forceful over time. As Mr David Knox, a former World Bank vice-president, points out in a recent book,* even if debts to banks were significantly reduced, many countries even in Latin America would still be in trouble. "They may not cut such a figure on the world stage [as the main debtors to commercial banks, such as Mexico, Venezuela and Argentina] but many face acute debt problems. This is true for example of Panama, Peru, Costa Rica, Bolivia, Guyana, Nicaragua and Jamaica."

Outside Latin America, Poland, Nigeria and Egypt are among those heavily burdened with official debt

The political arguments in favour of official debt forgiveness have also become stronger. President George Bush has built debt relief, primarily of aid loans but also of export credits, into his "Enterprise for Americas Initiative". In it, he clearly identifies US interests with the economic well-being of Latin America. "While the Brady plan has helped nations reduce commercial bank debt, for nations with high levels of official debt . . . the burden remains heavy," Mr Bush said.

The heavy official debts of a number of francophone middle-income countries in Africa, for example the Côte d'Ivoire, have led the French to propose an initiative on official debt.

But perhaps most forcefully, the developments in east Europe have thrown to the top of the international agenda the plight of Poland, which owes three-quarters of its $40bn debt burden to western governments. Without debt forgiveness, as many western officials have privately conceded for some time, Poland stands little chance of emerging from its severe economic difficulties.

While the US alone can make a significant difference to official debt burdens in Latin America – it accounts for some 80 per cent of the official debt of some countries – international support is needed for an initiative on Poland.

The dam against debt forgiveness was first breached at the Toronto economic summit two years ago. The Toronto terms attempted to ease the debt burdens of the poorest countries in black Africa. They allowed Paris Club governments to write down export credit loans debts, lower interest burdens or extend rescheduling periods. But in spite of the fanfare, the benefits to date have been extremely modest. According to the World Bank, the annual debt service savings have amounted to $50m a year, a mere 2 per cent of these countries' foreign debt bill. It has called for more over those indebted to western governments.

In the past, the Paris Club has justified this difference by making the point that governments have, unlike banks, been willing to reschedule interest and on top of that make new loans. This rescheduling of interest is the equivalent of what banks used to call "new money" – loans that would in effect go part of the way to paying the countries' interest bills.

But that has made the Paris Club, according to one western official, into an engine of debt creation that was always more efficient than the desultory

The Houston initiative is expected to provide official debt relief for a wide group of indebted countries

action on this problem.

The so-called Brady initiative, adopted last summer, attempted to address the problems of middle-income countries with heavy debt burdens to commercial banks. For the first time, the World Bank and International Monetary Fund would provide finance to help debtor countries lower their bank debt.

The Brady initiative has thrown into relief a number of anomalies. While western governments have been encouraging banks to forgive debts, they have been insisting that they themselves should be paid back in full. It has also resulted in better treatment for those countries "lucky" enough to be indebted to banks new money exercises of commercial banks. It meant inevitably that official debt became a greater and greater proportion of many rescheduling countries' debt burden and that owed to the banks a smaller proportion.

World Bank projections suggest that at the end of this year, debt rescheduling countries will owe $522bn to private creditors – almost exactly what they owe to official creditors. But six years ago, debts to private creditors stood at $450bn while those to official creditors were only $234bn.

This problem is likely to be deepened as the Brady initiative reduces countries' debt to banks.

Most bankers have welcomed the indications of support for official debt forgiveness as a sign that governments are now prepared to do what they have been urging banks to do for over a year. Mr William Rhodes, the senior Citicorp executive responsible for Third World debt, applauded the Bush initiative "as a necessary extension to the Brady plan. It recognises that official debt has to be part of the equation."

But some bankers are not so sure. They are worried that discipline in the international financial system will be further slackened at a time when commercial banks already face interest arrears from indebted countries of around $20bn.

Official debt forgiveness will supposedly only be available to those countries following "sound" economic policies approved by the IMF. But critics suggest the problems of "moral hazard" – rewards for bad behaviour – will deepen.

The broadening of debt relief also brings with it many complications. Export credit agencies are run in widely differing ways. Some agencies, such as Britain's Export Credits Guarantee Department, have already been forced to make provisions against their Third World loans. Others, for example France's Coface, have made no such provisions. While in theory governments are ideally placed to forgive debts, in practice the process will therefore be hugely difficult. "The Brady plan was complicated but it had nothing on this," observes one western official.

Being forced to write off debts may reduce the inclination of some export credit agencies to provide new loans to debtor countries. With bank lending already having dried up, this may be seen as a problem. On the other hand, export credits may become more widely seen as a questionable aid to development.

The Brady initiative makes reference to the role of the market in deciding a proper level of discount on the debt. While there is a debate about what this means in practice, it will be far harder to interpose the market into official debt forgiveness.

The US has said it will sell in the market a portion of the Latin American loans of the Ex-Im Bank and Commodity Credit Corporation. This will facilitate, for example, debt-equity swaps and swaps of debt to reserve the environment.

There have been suggestions too of export credit agencies swapping exposure to even out the burdens though this itself is fraught with problems. The market has other potential, but at the margin: bankers suggest Poland's $4bn of official debt to Brazil can be erased in a way which also lowers Brazil's bank debt burden.

Furthermore, official debt relief is likely to add weight to calls to revise the ad hoc approach which has characterised the approach to the debt issue so far. The perceived need to resolve debtor country's debt relief needs in a format which has parallels with domestic bankruptcy procedures may well grow.

**Latin American Debt: Facing Facts by David Knox. Published by Oxford International Institute, 57 Woodstock Road Oxford, OX2 6HU. £20 or $30.*

Danger: white elephant ahead

George Graham on criticisms of French motorway funding

"The French motorway system is managed and developed without any logic, be it economic, financial, juridical or accounting."

This judgment from the Cour des Comptes, the French national audit office, may seem somewhat alarmist to the unconcerned motorist, making his or her way in comparative safety, and without too many delays.

France is, however, embarking on an extension of its network, with a plan to add 3,000km to the 5,400km in service. If the Cour des Comptes is right, it could be heading for a white elephant.

In the UK it has become common to compare the British government's hands-off approach to the financing of large transport infrastructure projects – such as high-speed train links to the channel tunnel – unfavourably with French government practice. Yet the French system is now being questioned from within.

The development of a motorway system began in the 1950s, with five semi-autonomous companies, owned mostly by local authorities and state financial institutions; they borrowed, with a state guarantee, to finance motorway construction, promising repayment on the basis of future tolls. In 1970, the government was worried that the network was not expanding fast enough, and offered new concessions to several private motorway companies.

The rate of expansion in road traffic slowed down in the early 1980s, however, and with the private companies unable to cover their debt repayments, the government had to take de facto control. Only one company, Cofiroute, remained private.

The Cour des Comptes acknowledges that the concession system, funded by borrowing linked to future tolls, has allowed France's network to develop rapidly. It now ranks second in Europe, with 118km per inhabitant, compared to 142km in West Germany, 107km in Italy and 54km in the UK.

It argues, however, that the system is being misused by the government to conceal the fact that the semi-autonomous companies, whose toll earnings reached FFr11.2bn in 1988, represent a convenient way of financing a heavy road-building programme while escaping a parliamentary budget vote.

The Cour says the accounting conventions used by the motorway companies disguise their financial situation and distort their economic choices for the construction of new routes. It criticises the companies' practice of carrying forward depreciation costs in their balance sheets – a total of FFr36.2bn in 1988 – in order to break-even systematically in their profit and loss accounts. In addition, when a company agrees to build a new section of motorway, the lifespan of its concession is extended for the whole of its existing network, in order to finance the new work. It can therefore accept an unprofitable new route not for its own sake, but for the extension of the tolls on its other, more profitable sections.

As a result, the Cour says a third of the new motorway segments planned have traffic projected at less than 6,000 vehicles a day, which it says is enough to cover operating costs but far short of allowing the corresponding debt to be serviced. Not one of the planned sections is intrinsically profitable enough to allow it to be financed at real interest rates higher than 3.5 per cent, half current rates.

In all, the system has developed a built in expansionism: rather than fulfilling the old promise that the tolls would be lifted from the motorways once the debt had been repaid, the companies are condemned to keep on building new routes so that they can continue to milk the old ones.

The Cour des Comptes, taking an auditor's approach to the problem, points out some of the flaws in the system as it is theoretically structured: the government and the motorway companies argue that in spite of a certain amount of trial and error in the development of these structures, they have proved that they work.

Some civil servants, however, take the criticism deeper: they argue that the motorway financing structures that have developed now tilt the entire debate over transport infrastructure and could influence the choice of routes to be built.

For although the national motorway plan lays out a complete project, few government officials outside the Transport Ministry believe it will be possible to maintain the construction rhythm of 300km a year laid down. In this case, where should the priority be placed?

The choice, broadly, is between expanding the already saturated north-south routes such as Lille-Paris, and helping the western regions, which might otherwise be abandoned on Europe's rim, with routes like Nantes-Orléans-Troyes.

"There are two conceptions: the Transport Ministry, for regional development reasons, wants to concentrate on the west, while the Finance Ministry, which does not want to spend too much, prefers the more immediately profitable north-south routes," comments one government economist.

The existence of the semi-independent companies should bias the choice in favour of the more profitable routes. The east-west routes would require a less financial approach which might be better served if, as the Cour des Comptes suggests, the motorways were brought back into the central state budget.

OBSERVER

Stirn's stage army

■ The resignation of Olivier Stirn, France's Minister for Tourism, has given a touch of burlesque to the closing days of the French political season.

Stirn's offence was to have exposed himself and a clutch of party luminaries to ridicule. On Monday and Tuesday, he staged a public seminar to celebrate the achievements of the minority Socialist Government, but the public stayed away. On Monday morning, there were only 37 people present, including those on the platform; on Monday afternoon there were barely 20, and Tuesday morning was just as bad.

On Tuesday afternoon, however, when the meeting was to be addressed by party leaders, the hall was full, and enthusiastic into the bargain. This was not because of a sudden rush to hear such people as Pierre Mauroy, First Secretary of the Socialist Party. It was because one of Stirn's lieutenants had the bright idea of hiring a couple of hundred supernumeraries, students and out-of-work actors, from the labour exchange and an employment agency to fill up the spaces.

The ploy came to light towards the end of the Tuesday session, when the stage army abruptly started to melt away, since they had completed the three hours contracted for. One of them indiscreetly asked to be paid on the spot, and the story was out.

Foggitt's July

■ The wet and windy start to July has not surprised Bill Foggitt, the 77-year-old Thirsk weather sage who predicted a late summer, but he is hopeful of better weather towards the end of the month if we can successfully negotiate July 15, St Swithin's Day.

"July tends to go to extremes, either very warm or rather cold, very wet or very dry," he said. It snowed once, but that was in July 1888.

The wettest July this century was in 1939. "A lady came to tea on the afternoon of the 18th and there was a dreadful thunderstorm which lasted an hour. The front lawn was like a lake and my father measured 2.98 ins of rain. It was the biggest shower he ever had."

July is known as the thunder month. Foggitt has a few hints for anyone caught in a storm. First watch out for flies: "Lazy fly, thunder's nigh," goes the saying. Then, when it thunders: "Avoid the oak, it draws the stroke, avoid the ash, it attracts the flash, but under the thorn, you'll come to no harm. "They couldn't get that last bit to rhyme properly," he said.

Smith Report

■ "My name may be Adam, but I wasn't born yesterday," Adam Smith is supposed to have said. "Quite funny, but is it a joke?" as our correspondent Clive Hicks, chairman of the Archminster Group, observes. Anyway, it is not authenticated.

My colleague, Samuel Brittan, also intervened in the Did Adam Smith ever make a joke? competition. He says that it is unfair to pick on Smith. He thinks that if you combed through the works of Edward Gibbon, the historian, you would not find a joke either, jokes – as distinct from wit – not being a characteristic of 18th century Britain.

Some of our more left wing readers think that Adam Smith is a joke in himself, and the recently founded Adam Smith Institute even more. One letter to that effect comes from Chingford, the constituency of Norman Tebbit.

Yet it appears that Smith did make something approaching jokes in his letters to his publisher, William Strahan. The distinguished Scottish economist, David Simpson, draws our attention to: "A man, says the Spanish proverb, had better be a cuckold and know nothing of the matter, than not be a cuckold and believe himself to be one." Even Professor Simpson, however, only claims that this is an example of Smith's "light-heartedness". It seems lugubrious to us.

D D Raphael, Emeritus Professor of Philosophy at Imperial College, London, and a prominent authority on Smith, goes more deeply into his correspondence with Strahan about the proofs of the second edition of The Theory of Moral Sentiments. There were some very serious errors, some of them saying the exact opposite of what Smith had written: for example, "approbation" for "disapprobation".

Raphael cites Smith's responses – too long to quote here, but they are, I think, evidence of a contrived wit rather than a joke.

So it all comes back to: what is a joke? Samuel Brittan says that a joke is what appears at the bottom of the Observer column. My own view is that one of the best joke-makers is Michael Foot, like calling Norman Tebbit "the Chingford skinhead" or "a semi-house-trained polecat".

Foot is a scholar of the 18th century and knows all about the wit of the period. If he had thought that Smith had made a joke, he would have certainly entered the competition. Prizes to Hicks and Raphael, and thank-yous to others.

"If he's not going on about penalties, he's humming old Rolling Stones."

Pair of Jays

■ Michael Jay is returning to London from his post as Financial and Commercial Counsellor in the British Embassy in Paris a year early to become Assistant Under-Secretary at the Foreign Office for European Community affairs.

Jay's links to the French, however, should remain strong. His wife, Sylvia, is an Assistant Secretary in the Overseas Development Administration (ODA) of the FCO, currently on unpaid leave. Recently she has advising Jacques Attali, formerly economic adviser to President Mitterrand, and head of the new Bank for European Reconstruction and Development, to be based in London. She will continue to work for him.

That's it, then

■ This Observer is saying farewell, after 2½ years in the chair. It has been great fun, if at times a little frantic. I should like to thank all those readers who have been in touch, by letter and telephone, often to complain about the standard of the final joke, then to offer others, some better, some worse. I came to the conclusion that there is no such thing as a totally new story. And remember what the German professor said in his lecture on humour: "A German joke is no laughing matter." Thank you and good morning.

POLITICS TODAY

Hoping to pull out a political rabbit

By Joe Rogaly

Mr Peter Brooke hopes he is on to something. You could sense this yesterday, as the Secretary of State for Northern Ireland reported progress towards talks between the parties involved in the distressed province for which he is responsible. The Dublin Government is still holding out on what seems to outsiders a technical insistence on being involved from the outset, but perhaps that can be resolved. Until then, there cannot be a starting date. Meanwhile the cries of "well done" and "splendid fellow", which have been heard in London over the past few weeks, must add to the pleasure of a post the Northern Ireland Secretary enjoys so much he should pay the taxpayers for the privilege of having it. What is open to question is whether he really can bring about a new pan-Irish settlement.

This being an Irish tale, we have seen it all before, many times over, with hopes aroused, expectations frustrated, openings of doors to peace here, doors slammed shut there. To those of us who intermittently turn our attention to Ireland's painful tribal dispute the narrative never seems to change. Every time we look, it appears as unlikely as ever to have a happy ending, or any ending at all. Why should Mr Brooke tell himself that he might be able to achieve what has proved impossible since, shall we say, the first troops were dispatched to Belfast in 1969?

A large part of the answer is that he thinks the spirit of the times may be favourable. The upsurge in nationalist politics that preceded the onset of the past two decades of increasingly bloody troubles coincided with the *Zeitgeist* of 1968. That was the year of the "Prague Spring" and rioting in Paris; it was quickly followed by unrest among young people in the United States and the start of the civil rights movement in Northern Ireland. You had to sympathise with the youthful idealism of the civil rights marches; today the pursuit of harsher objectives by means of the gruesome murders perpetrated by the IRA arouses only antipathy.

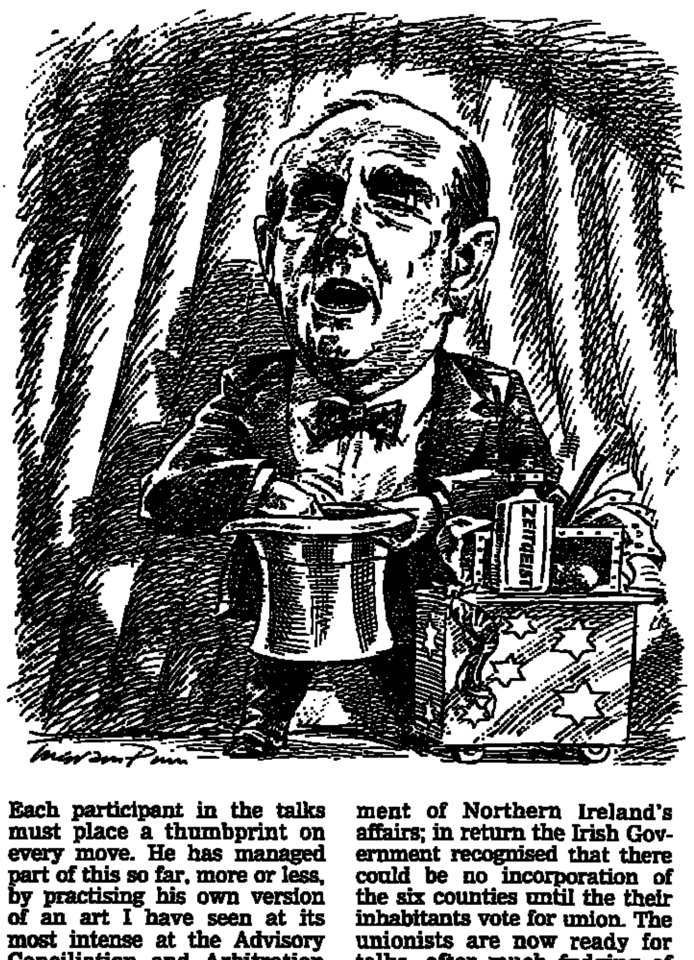
The spirit of 1989-90 is quite different from that of two decades ago. Its outstanding characteristic is that of a thaw. In many parts of the world previously frozen positions have slowly melted, until, at an accelerating pace, they have begun to crack. This has already done its work in sweeping communist satellite governments from power in most of eastern Europe. It has brought peace to Namibia and a change of government in Nicaragua. It is likely to lead to the removal of the Communist Party of the Soviet Union from its previously commanding position of authority. In South Africa it has begun a process that will surely end in the installation of a democratically-elected black government within a very few years.

I can follow all that, but it is still difficult to accept that the pursuit of reasoned discourse will lead to a substantial change in Irish sentiments, let alone a settlement that Mr Brooke in his most optimistic moments thinks could be the most important since the island was partitioned in 1922. The underlying objectives of the parties he is trying to bring to the table seem too far apart.

Take, first, the British mission. It is, above all, to bring peace, but emphatically not at the price of caving in to to IRA violence. In spite of many failures, the overall success curve of the security forces within Northern Ireland seems to be rising; to take just the most horrendous statistic, the number of killings seems to have fallen sharply over the past few years, although the number of "incidents" has not.

This might explain the recent upsurge in IRA activity on the British mainland and in western Europe. Attempts are being made to bolster these successes with an economic policy that is somewhat more social-democratic or dirigiste in spirit than anything permitted in the rest of the United Kingdom. The Fair Employment Act is the most outstanding example; the assiduous courting of inward investment is another.

None of the above will clinch the matter if there is not a concurrent political settlement, by which Mr Brooke seems to mean the establishment of a devolved government, and the maintenance of an agreed role for Dublin in the affairs of the province. To achieve this he must get both the Irish Government and the conflicting Belfast parties to move in step.



Each participant in the talks must place a thumbprint on every move. He has managed part of this so far, more or less, by practising his own version of an art I have seen at its most intense at the Advisory Conciliation and Arbitration Service, Acas. You get party A into one room and party B into another and move between them. Acas officers are masters at adapting the truth of each sides' position to suit the expectations of the other; we must assume that Mr Brooke is not so much a dissembler, more a patient cajoler.

This may work sufficiently well to get talks started – we shall see before the summer is out – but it can easily break down once matters of substance have to be addressed.

To the unionists the greatest of these is the Anglo-Irish Agreement, concluded to their fury and dismay in November 1985. It introduced an "Irish dimension" into the management of Northern Ireland's affairs; in return the Irish Government recognised that there could be no incorporation of the six counties until the their inhabitants vote for union. The unionists are now ready for talks, after much fudging of previous procedural demands, in the apparent belief that they can dilute or demolish the "Irish dimension" and persuade Dublin to remove articles two and three of the Irish constitution. Those articles state that the whole of the island is part of the republic.

The Irish Government is insisting on maintaining the substance of the agreement, or replacing it with something "better" – that is, more to Dublin's taste. It affects to have no intention of putting the removal of articles two and three to a referendum, which it says would be lost anyway.

A concomitant matter of substance is the nature of any devolved assembly. Some unionists want it to have minimal powers, as of a local authority; others would prefer a parliament. Most unionists reject "power-sharing", by which is meant a permanent coalition giving cabinet posts to representatives of the Catholic minority. Dublin insists on power-sharing, which is why it wants to be in the constitutional talks from the start. The British Government understands well enough that without a role for Nationalist representatives a unionist-dominated devolved government might so override the interests of the Catholic community that the whole frustrating cycle of hopes aroused and hopes dashed could be renewed.

* * * * *

If the next election results in a hung parliament the 17 Northern Ireland MPs will be able to barter their votes, most of them unionist-inclined. When this happened in 1974 Labour won the auction, and subsequently increased the number of Northern Ireland constituencies. It may pay heavily for that next time, since the Labour Party still alludes to a united Ireland in its most recent policy statement, albeit adding that it must be achieved "by consensus and without violence". I would not expect Mr Brooke to pander to unionist desires to abolish or neuter the Anglo-Irish Agreement in order to win their future support, but if there is an agreed settlement the Tories will, as a by-product, be the likely beneficiaries at Westminster.

Meanwhile the Conservative Party chairman, the shameless Mr Kenneth Baker, is inclined to talk of an election in 1992. He is determined not to close that option, in spite of the recent narrowing of Labour's lead in the opinion polls. May 1992 would mean that between now and the next election there would be two party conference seasons, two Budgets – and two sets of poll tax demands.

Did I say "shameless?" Mr Baker's latest anthology, duė out in September, is a collection of piquant parodies, printed opposite the verses that inspired them. Some will be political, taken from the New Statesman's parodist, Roger Woddis. All his choices are attacks on opposition parties; none of the left-wing weekly's vitriolic poems about Conservatives are included. Smiling his broadest smile, Mr Baker maintains that he has simply picked the best from the wide range of works available.

The political debate in the US is being fuelled by a bestselling book, writes **Lionel Barber**

Rich pickings for a prophet of populism

Americans are taking a second look at the 1980s, and many do not like what they see. Once acclaimed as the decade when the country regained its strength and self-confidence, the 1980s are increasingly portrayed as a period of greed, self-indulgence, rising debt and false prosperity.

Now comes a new book* to stoke the debate. Mr Kevin Phillips, a prominent Republican political theorist, argues that the 1980s amounted to the triumph of Upper America. It was an era of "too many stretch limousines, too many enormous incomes and too much high fashion," when inequality intensified and the Republican Party lost touch with ordinary middle-income Americans.

The result, writes Mr Phillips, will be a populist backlash similar to those that followed other periods of unfettered capitalism. Just as progressivism followed the gilded age of robber barons in the late 19th century, and the New Deal followed the speculative binge of the 1920s, so too an anti-elitist economic populism will follow in the steps of Mr Michael Milken, Mr Donald Trump, Mrs Nancy Reagan and Mr George Bush.

*Mr Phillips has stronger cre*dentials than most political pundits. More than 20 years ago, as a precocious young Republican operative, he helped Mr Richard Nixon devise the "southern strategy" of wooing conservative white voters by painting the Democratic Party as liberal, elitist and remote from "Middle American values."

This cultural populism has helped the Republicans win five out of the last six presidential elections, including Mr Bush's crushing defeat of Mr Michael Dukakis in 1988. Mr Phillips's defection has infuriated Republicans, but it has given heart to the Democratic Party which – in terms of presidential as opposed to congressional elections – is about as weak as the British Labour Party after the defeat of Mr Neil Kinnock in 1987.

In the 1980s, Mr Phillips writes, money did not talk – it shrieked. It was an age in which economic inequality increased dramatically.

The income of the wealthiest 1 per cent of Americans now averages $550,000, and rose a mind-boggling 75 per cent in the 1980s, according to a recent study by the House Ways and Means Committee. The same 1 per cent's after-tax share of US income rose from 7 per cent in 1977 to a projected 11 per cent in 1990.

The 70 per cent of Americans who describe themselves as middle class also fared better in the 1980s, but far more modestly than the super rich. Mr Phillips exaggerates the disparities by including some of the late Carter years where the middle class was caught in the pincers of high taxation and high inflation.

For married couples, the median income rose 9 per cent between 1980 and 1988 to just over $36,000 – but was offset by cuts in social services, rising tuition, housing and health-care costs. Even more pronounced was the impact on the poor, whose median income fell in real terms by between 3 and 9 per cent. At the same time, under the 1986 tax reform law, top individual tax rates for millionaires fell from 70 per cent to 28 per cent.

The question is this: if economic populism was so potent, *why did the Democrats fail to* use it in 1988 against Mr Bush? After all, the evidence was widely available; and Mr Bush, the Yale-educated country club Republican who comes from the "watercress sandwich wing of the party" would seem to have offered an inviting target.

Mr Phillips contends that the Democrats were the Great Collaborators in the 1980s, supporting Mr Reagan in his legislative agenda which favoured the rich. In 1988, the Democrats merely flirted with populism. Only at the end of his campaign did Mr Dukakis finally start talking about income disparity, the "bicoastal economy," and being on the right side of working men and women. But, after all, he was the "ethnic yuppie" who had made it.

Will the new populism sell in the 1990s? For tactical reasons, the Democrats certainly intend to pick up some of Mr Phillips's themes. The savings and loan debacle could create a populist backlash. The stigma of collaboration could also persuade the party to choose someone from outside Washington to run in 1992. More immediately, Mr Bush's acknowledgment last week that new tax revenues were needed to help reduce the budget deficit has already set off a debate on whether the top 1 per cent should pay more tax.

But as one top Democrat official points out: "We can't come across as the party that wants taxes, nor can we argue that we should tax the rich for the purposes of redistribution. We have to argue on the grounds of fairness."

By far the most important contribution that Mr Phillips has to make – and the reason his book has risen within two weeks to the Top Ten Bestseller list in the Washington Post – is the way he has exposed the current vacuum in American politics at the end of the Reagan era.

The search for a New Politics concerns Republicans as much as Democrats. Under the "kinder, gentler" leadership of Mr Bush, the Republicans have turned a little mushy. One measure of the party's desperation is its embrace of emotive but empty issues such as opposition to flag-burning and pub*lic funding of controversial art* such as the homo-erotic exhibition of the photographer Robert Mapplethorpe.

But it would be foolish to write off the Grand Old Party in 1990, or the incumbent Mr Bush in 1992. The state of the economy will prove far more important in influencing voters than any vague backlash from Main Street.

The Democrats, too, should be careful about embracing Mr Phillips as the prophet who can lead them out of the wilderness. His book fails to identify a new role for government in correcting some of the excesses of the 1980s, whether at state or federal level. What is clear is that Mr Phillips, the man whom the conservative commentator Mr William F. Buckley once described as a "Country and Western Marxist," has at least given the party an opening.

The Politics of Rich and Poor. Kevin Phillips. Random House, $19.95.

LETTERS

Labour answers needed on social security 'cuts'

From Mr Nicholas True.

Sir, Mr Michael Meacher, Labour's Social Security spokesman, rehashes at length his now familiar analysis of social security savings under the Conservatives ("An unnoticed windfall for Thatcher's Treasury," July 4). Not one column millimetre was devoted to what Labour intends to do about it.

Mr Meacher repeated the old canard that this Government has abolished a rule "which had been implemented by the previous Labour Government" to uprate pensions by earnings or prices, whichever was the greater. At least this Government has been honest about its position. Labour in fact failed to implement this rule in 1976 and 1978 – and planned to ignore it in 1979. Mr Meacher – as a minister at the time – has reason to know the truth, even if he claims otherwise.

Mr Meacher asserts that "savings" have reached £27.28bn. The honourable inference to be drawn from this outright attack is that Labour would have financed all this spending. How? By higher taxation, by borrowing, or both?

Finally, if Labour is to campaign on this basis, can he confirm that a Labour Government would immediately restore the cuts?

Mr Meacher now costs the annual savings at "nearly £7bn" and rising. He says that total savings in the 1990s will be over £70bn. Again, will he state how this £70 bn – or even the first £7bn of it – will be financed? Scarcely, I think, from the limited, if damaging, tax increases already admitted to by Mr Kinnock.

There is something understandable, if inadequate, in politics rooted in moral indignation. There is something disreputable in the politics that implies bounty to some of the least fortunate in our society, combined with studied silence about when that bounty is to be delivered or how it is to be paid for.

Nicholas True,
114 Palewell Park, SW14

From Mr C.H.A. Landa.

Sir, Mr Meacher attacks the Conservatives for swingeing cuts in social security. He estimates the "cuts" at £27bn in the last decade and guesstimates the figure of £100bn during the next one. What nonsense.

There has been a minor reduction in public spending expressed as a percentage of gross domestic product (that is in real terms). This has been true also of the largest component of public expenditure, namely social security. However, the main cause of such reduction as there has been, relates to the (welcome) reduction in unemployment levels.

The "cuts" that Mr Meacher invents are a reduced rate of growth, for example uprating pensions with prices rather than earnings and targeting children in poor families with income support rather than universal increases in all child benefit payments. I do not have to agree with such restraint, but I defy any sensible person to describe them as cuts, savage or otherwise.

I can also see clearly what would happen with a Mr Meacher in charge. First, his so-called cuts would be reinstated and the budget increased. On a reasonable guess this would be financed by a mixture of higher borrowing and higher personal taxes (national insurance contributions for example). Both would increase inflation, the first via higher interest rates, the latter by higher wage demands. In due course this would lead to higher unemployment and more claimants and an even larger social security budget.

C.H.A. Landa,
43 Valiant House,
Vicarage Crescent, SE11

'Splendid support' for the CTCs

From Sir Cyril Taylor.

Sir, The article by Norma Cohen on City technology colleges ("Educational castles in the air," June 25) gave less than generous recognition to the splendid support given by British industry to this important initiative.

To date 176 companies, foundations and individuals have pledged £44m of support for the first 20 CTCs. This includes 22 pledges of £1m or more from ADT, BAT Industries, the British Phonographic Industry, Cable & Wireless, Hugh de Capell Brooke, Dixons, Harry Djanogly, the Haberdashers, Haking Wong Enterprises, Sir Philip Harris, the Hatter Foundation, the Landau Foundation, London Docklands Development Corporation, Geoffrey Leigh, the Mercers, Reg Vardy Group, Southwark Diocesan Board of Education, Tarmac, Trust House Forte, and the Wolfson Foundation. A large number of other British companies have contributed the balance of the £44m.

This is the single largest sum ever donated by the private sector to a state education initiative. Because of the generous support of sponsors in both money and time, plans for 16 of the initial 20 colleges are now at an advanced stage. Three CTCs are already open, four will open this September, eight are likely to open in 1991, and more in 1992.

Already the CTCs which are open have made radical innovations in secondary education. These include asking their pupils to work harder by extending the school day, encouraging more pupils to stay on at 16 by offering a wide range of courses including BTEC National and the International Baccalaureate, using computers to help children to learn mathematics, science, technology and English more effectively and, above all, raising the expectations of achievement by pupils with a wide range of ability.

The CTC Trust recognises that the initial CTCs which are newly formed schools have required substantial government support to pay for the cost of either new school buildings or the refurbishment of old schools. However, without the generous support of our 176 sponsors the prototypes for this urgently needed new type of secondary school would never have been developed.

The early success enjoyed by CTCs in attracting large numbers of pupils and parents has already convinced several local education authorities, including Wandsworth, Lincolnshire and Hillingdon, that they should convert existing maintained schools into CTCs using the voluntary aided mechanism.

This potential powerful new tripartite partnership of industry, local education authorities and the Government looks likely to establish many more CTCs but at a greatly reduced unit cost since the buildings are made available at no cost.

Already this formula is attracting a new group of sponsors which includes some of the biggest companies in the country.

Cyril Taylor,
Chairman,
City Technology Colleges Trust,
37 Queen's Gate, SW7

FTSE 100 'was doing what it was set up to do'

From Mr Peter D. Jones.

Sir, Your article ("FTSE 100 under fire following charges of market manipulation," July 2) has a delightfully eye-catching headline. But its use of phrases popular in the tabloids – "there were calls yesterday for..." and "pressure is now mounting for..." serve only to misinform the reader by appearing to create a crisis where none exists. In particular you falsely accuse the FTSE of failing to do a job for which it was not intended.

That there was an upheaval in the equity markets last Friday morning as the expiry of the FTSE options and futures contracts approached is true. FTSE exists as a price quotation index and not as a measure of deals done. It faithfully reproduced the dramatic price increases seen that morning. It fulfilled a useful role in drawing to the attention of all market watchers (not just of derivatives) the curious goings on then taking place in equities.

The article's authors may wish to comment on defects that they perceive in the calculation of the expiry value of the FTSE options and futures – so that in future they reflect deals not prices. That lies within the prerogative of the respective options and futures markets committees who already possess the power to set aside the actual FTSE "price based" calculations at expiry if they, at their discretion, think fit. The FTSE index itself was doing precisely what it was set up to do – reflect prices.

The steering committee of the FTSE 100 Index always welcomes comments, even "calls" or "pressure." None, incidentally, has been received by me on this matter. Perhaps the authors should, in this instance, turn their "fire" in another direction – namely at the derivatives markets.

Peter D. Jones,
Chairman,
FTSE 100 Steering Committee,
114 Old Broad Street, EC2

FINANCIAL TIMES
Friday July 6 1990

Soviet leaders blamed for nationalist unrest

By Leyla Boulton in Moscow

Mikhail Gorbachev addresses party secretaries in the Kremlin

THE SOVIET leadership came under renewed fire yesterday from delegates at the Communist Party Congress in Moscow who accused it of stirring up nationalist sentiment and ethnic conflicts.

The main butt of angry conservative criticism was Mr Alexander Yakovlev, the Politburo member responsible for international affairs and a close ally of Mr Mikhail Gorbachev, the Soviet leader.

He was accused by one delegate of being directly responsible for the mushrooming of nationalist movements across the country. Another delegate accused him of being "the godfather of Baltic separatism."

The attack came as the party congress split up into various working groups in a session closed to the press. Mr Andrei Girenko, a senior party official who chaired the working group on nationalities, responded to the criticism by saying that "the course of developments in the Baltic region could not have been broken by any one arbitrary decision."

Throwing the ball back into the court of local Communist parties, he said: "The trouble is that with real political pluralism taking shape there earlier than in other Soviet republics, party committees failed to withstand the thrust of nationalist separatist forces."

At the same time, however, the congress also heard calls to change the name of the party that has ruled the country for 73 years. Colonel-General Dmitri Volgonov, a military historian and a leading authority on Stalin, suggested that the Communist Party of the Soviet Union should change its name to "Party of Democratic Socialism."

Recalling that CPSU was a name chosen by Stalin in 1952, he said a new name would enable the party to restore public confidence by recognising that communism was nothing more than "a beautiful utopia." Delegates from the Baltic republics and Georgia said the party should call itself the Communist Party of Republican Organisations.

On the nationalities question, the official news agency Tass said that while some delegates had blamed the problem on Stalin's legacy, a majority held the present leadership "directly responsible for the ethnic conflicts."

"Speakers accusing party leaders of not being firm and principled enough . . . were greeted with stormy applause," Tass said.

Republican Communist party chiefs from all over the country, speaking at plenary sessions earlier this week, have attacked the leadership and called for the urgent conclusion of a new union treaty. The blueprint put forward last month by Mr Gorbachev would bind genuinely sovereign republics to the centre through individually tailored ties.

"We need to feel this sovereignty in action, not just words," Mr Islam Karimov, the Uzbek party chief, told delegates on Wednesday.

Referring to his republic's simmering conflict with neighbouring Armenia over the disputed enclave of Nagorno-Karabakh, Mr Ayaz Mutalibov, head of the Azerbaijani Communist party, warned that the leadership's "indecision" could lead to further bloodshed.

"If we must have perestroika, we need strong hands at the wheel," he told the 5,000-strong congress to loud applause earlier this week. In a separate challenge to the leadership, coal miners of the Donbass region rejected an appeal from the congress to call off a political strike planned for July 11.

Miners have called the 24-hour strike to coincide with the anniversary of an agreement with the government ending a protracted strike last year. A Donbass representative told the Interfax news agency that miners would hold a meeting on Sunday to prepare for the strike.

Saying the government has not honoured its commitments to them, the miners are demanding the government's immediate resignation and the nationalisation of all Communist party property.

Earlier this week, miners in the Kuzbass, another major mining area, decided to support the July 11 strike. The country's two other main coal mining areas, Vorkuta and Karaganda, have not decided whether to join in as well.

Strikes for political reasons and in the energy sector are banned but it is difficult to see how the government can stop next week's protest.

Soviet military high command denies coup rumours

By Quentin Peel in Moscow

WARNINGS of the danger of a military coup in the Soviet Union, allied to conservative opponents of reform, have brought a furious denial from the military high command.

At the same time, a senior political commissar has flatly rejected calls for the removal of the Communist Party from the armed forces and rejected allegations of deep divisions between the military leadership and the rank-and-file.

The response by Lt Gen Nikolai Shlyaga, first deputy head of the Main Political Directorate of the Army and Navy – the party's organisation for ideological control of the military – was made at the party congress in Moscow and was said to be on behalf of the entire military delegation.

He directly attacked the public letter of 47 prominent politicians, scientists, and radical military officers which warned of the danger of a conservative-military alliance and a military dictatorship.

"There are no grounds for the conclusion... about an alleged conspiracy in the army, nor for the allegations concerning conflicts between the military leadership and rank-and-file personnel," he said.

"All this is pure invention far removed from the real moral state of affairs in military collectives."

He denounced the 47 signatories of the letter, including Dr Georgy Arbatov, director of the USA Institute and foreign policy adviser to President Mikhail Gorbachev.

In the strongest defence yet of the maintenance of political control over the military – well received by the predominantly conservative congress – Gen Shlyaga said: "Party political work in the armed forces must be based on the Marxist principle that the army was and remains an instrument of the Soviet state; an instrument of politics."

He accepted that the political structures in the services should be "streamlined" in keeping with the standards of a law-based state.

The reformed political bodies would no longer exercise leadership of party organisations but concentrate instead on political and ideological education, promotion of culture and military discipline, and social protection of servicemen.

Despite the general's angry denial, recent evidence suggests that there is a deep divide within the military over political views.

According to a recent Novosti opinion poll, an extreme conservative speech by Gen Albert Makashov at the Russian Party Congress two weeks ago, when he accused the party leadership of "ideological surrender," was supported by two-thirds of the army generals, only 55 per cent of senior officers above the rank of major, and was rejected by the overwhelming majority of majors and more junior officers.

There was further prominent support for de-politicisation of the army yesterday, in an article in the New Times magazine by Mr Anatoly Krasikov, the deputy director-general of Tass, the official news agency.

Disagreement stalls bid for talks on Ulster

By Ralph Atkins in London and Kieran Cooke in Dublin

EFFORTS to end Northern Ireland's political deadlock stalled yesterday when Mr Peter Brooke, the UK Government's Northern Ireland secretary, found himself unable to detail his plans for starting round-table talks with political leaders.

Disagreement with the Irish Government meant Mr Brooke had to stop short of outlining a timetable for formal talks on returning power to politicians in Northern Ireland, which is also known as Ulster, and on replacing the 1985 Anglo-Irish Agreement.

He found himself dashing expectations – built-up during six months of "talks about talks" – that he would offer the prospect of a real breakthrough with negotiations begining in the autumn.

Mr Brooke remained confident that further progress could an still be made, pointing to agreement on the structure talks might have.

But despite intensive contact between the Northern Ireland Office and Dublin in the previous 24 hours, he had failed to reach precise agreement about the timing of the Irish Republic's entry into negotiations.

Dublin insists that it be involved from the outset in discussions which might alter the nature of the present Anglo Irish Agreement. Unionists are against Dublin being involved in preliminary discussions between the constitutional parties in Northern Ireland. Mr Brooke's statement had a lukewarm reception in Dublin. Mr Charles Haughey, the Irish Prime Minister, said that further consultation was necessary before "meaningful discussions" could take place.

"While substantial progress has been made on a number of important aspects. . . a satisfactory basis which would avoid problems later and ensure success has not yet been fully established," Mr Haughey said.

The Northern Ireland Office's failure to outline a detailed programme made all the clearer the precarious nature of his task. From MPs he won praise for the progress he has made so far – but optimism about further progress was not as fulsome.

Mr James Molyneaux, leader of the Official Unionists, said "the main avenue now appears to be blocked off" but added: "We have a duty to salvage what we can".

The Rev Ian Paisley, the leader of the Democratic Unionists' Party which favours retaining links with London, said: "I hope the road block will be cleared. I hope that the Dublin Government will see that they are standing in the way of a profitable way forward for Northern Ireland."

Mr Brooke said negotiations should cover three sets of relations; between north and south Ireland, between London and Dublin and the internal government of the province.

There was a consensus that no agreement on any one aspect could be reached "unless and until all parties were satisfied with the whole of what might emerge from such a dialogue."

Analysis, Page 21

G-7 leaders to review official loans policy

By Peter Riddell in Washington

A REVIEW of western policies on official loans to eastern European and developing countries is likely to be initiated by the Group of Seven leaders at the Houston summit next week. But no decisions are likely to be taken.

A senior official involved in summit preparations said the leaders would probably ask the Paris Club of western creditor nations to reconsider the so-called Toronto terms, which provide relief for the debts of poorer, mainly sub-Saharan, African countries.

There has been growing pressure from a number of middle-income countries, notably Poland and Egypt, for these terms to be extended as part of broader debt relief. But western finance ministers and central bankers have been cautious about endorsing a large-scale debt-forgiveness programme in view of the costs involved.

Moreover, they point out, Poland earlier this year negotiated debt-rescheduling arrangements.

The issue has been reopened by last week's initiative from President George Bush to reduce some of the official debt burden – especially of concessional/aid loans – of Latin American countries.

While this was presented as a bilateral US initiative for the Americas, it was intended to stimulate a wider debate on official debt.

Mr Barber Conable, president of the World Bank, yesterday called on the summit leaders to extend Mr Bush's initiative on official loans to other middle-income debtors, such as east European states, some North African countries and the Ivory Coast.

The G-7 finance ministers are expected to advance the discussion rather than launch new initiatives.

Mr Nicholas Brady, the US Treasury Secretary, yesterday said there would be a discussion of the issue, but not a declaration.

Japan's lone stand, Page 6;
Third World debt, Page 20

Bush offer to Gorbachev

Continued from Page 1

weapons: "We must not replace flexible response with inflexible response."

In a further gesture to reassure the Soviet Union of the Alliance's good intentions, Nato members are expected to express their willingness in principle to sign a joint declaration with the Warsaw Pact countries – individually, rather than as a bloc – pledging peaceful co-operation with each other.

However, given the reservations of several of the summit participants, including Mr Mitterrand and Mrs Thatcher, over the precise form of such a declaration, it may not be specifically mentioned in the final communique.

Mr Helmut Kohl, the West German Chancellor, pointing out that the western alliance was taking courageous steps to modify its strategy and military structure, offered to negotiate on the level of a united Germanys forces during the current conventional forces talks in Vienna. This would enable their size to be fixed before German unification came into effect.

E German economy

Continued from Page 1

"surcharge" on income tax would raise DM10bn but would increase the overall tax burden by no more than 0.5 of a percentage point. A similar amount could be raised by a 1 percentage point increase in value added tax.

Helped by the weaker D-Mark, West Germany's foreign trade surplus rose to a record last year and the current account surplus surged to 4.5 per cent of GNP. Over the next 18 months, the surplus is set to decline to about 4 per cent of GNP for West Germany, and to 3.5 per cent for East and West Germany together.

The OECD is forecasting continued low inflation, with consumer prices likely to rise by only 2.5 per cent this year, increasing to 3.25 per cent next year.

In spite of the good economic prospects for unification, the OECD warns that the challenge of reforming East Germany should not hinder West Germany from taking further steps in deregulation in areas "where results achieved so far have been relatively limited."

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Dallas †	S	25	77	Madeira	C	21	70	Prague	R	20	68
Algiers	S	30	86	Dublin	C	15	59	Madrid	S	32	90	Reykjavik	F	12	54
Amsterdam	C	16	61	Dubrovnik	S	27	81	Majorca	S	28	82	Rhodes	S	29	84
Athens	S	33	91	Edinburgh	C	14	57	Malaga	C	26	79	Rio de Janeiro		–	–
Bahrain	S	38	100	Faro	S	25	77	Malta	S	26	79	Rome	S	26	79
Barcelona	F	25	77	Florence	F	27	81	Manchester	C	15	59	Salzburg	S	22	72
Belfast	C	15	59	Frankfurt	R	15	59	Melbourne	C	11	52	S'Francisco †	F	15	59
Belgrade	F	23	73	Geneva	C	19	66	Mexico City		–	–	Santiago		–	–
Berlin	C	21	70	Gibraltar	S	25	77	Miami †	F	27	81	Seoul	S	28	82
Biarritz	R	17	63	Glasgow	C	15	59	Milan	S	26	79	Singapore		–	–
Birmingham	Dr	12	54	Guernsey	C	15	59	Montreal †	F	18	64	Stockholm	F	19	66
Blackpool	C	15	59	Helsinki	S	20	68	Moscow	S	24	75	Strasbourg	R	18	64
Bombay	F	30	86	Hong Kong	S	31	88	Munich	C	21	70	Sydney	F	18	64
Bordeaux	C	19	66	Innsbruck	F	21	70	Nairobi	C	19	66	Tangier	S	28	82
Boulogne	F	16	61	Inverness	R	11	52	Naples	F	27	81	Tel Aviv	S	30	86
Bristol	C	14	57	Isle of Man	F	14	57	Nassau		–	–	Tenerife	S	28	82
Brussels	C	16	61	Istanbul	S	28	82	Newcastle	C	15	59	Tokyo	C	30	86
Buenos Aires		–	–	Jersey	F	17	63	New Delhi	C	29	84	Toronto †	R	18	64
Budapest	F	24	75	Johannesburg	S	17	63	New York †	C	30	86	Tunis	S	30	86
Cairo	S	36	97	Las Palmas	S	25	77	Nice	S	23	73	Valencia	S	31	88
Cape Town	S	14	57	Leeds	C	16	61	Nicosia	S	29	84	Venice	S	25	77
Cardiff	C	14	57	Lisbon	S	26	79	Oporto	C	20	68	Vienna	F	23	73
Chicago †	R	21	70	Locarno	C	21	70	Oslo	C	16	61	Warsaw	F	19	66
Cologne	F	17	63	London	C	15	59	Paris	C	18	64	Washington †	S	28	82
Copenhagen	C	17	63	Los Angeles †	S	17	63	Peking	S	29	84	Wellington	S	13	55
Corfu	S	30	86	Luxembourg	F	16	61	Perth	S	14	57	Zurich	C	17	63

C – Cloudy. Dr – Drizzle. F – Fair. Fg – Fog. H – Hail. R – Rain. S – Sunny. Sl – Sleet. Sn – Snow. T – Thunder.

† Noon GMT temperatures

Albanians ease tactics

Continued from Page 1

were reported to be in the Polish embassy and 15 in the Egyptian embassy.

"From my window I can see them jumping into the West German embassy grounds," he said. "I heard one policeman shout 'Get into that embassy, you vagabonds.'"

The big increase in the number of asylum seekers came as the European Community called on the Albanian authorities to allow the refugees safe passage to the west.

It was suggested that the restraint being shown by the police forces, who earlier this week used guns against people trying to get into the embassies, could indicate a power struggle in the leadership.

Reports that the ruling Albanian Party of Labour, led by Mr Ramiz Alia, 64, planned a crisis Central Committee meeting were not confirmed by ATA, the official Albanian newsagency. But some diplomats said the meeting had started yesterday.

The Czechoslovak ambassador said that the asylum-seekers said they wanted to emigrate "for a better life; the kind they see on foreign television." He added: "They said this was the only way out, that only some friends of the Government were being given passports."

THE LEX COLUMN

German unity on a longer view

This year's OECD report on Germany is only a shade less optimistic about the short term than was the deservedly glowing commendation it gave the West Germans last year. Real GNP growth of 4 per cent is forecast this year, slowing to 3.5 per cent in 1991. In view of the OECD's reputation as a body never afraid to rap the knuckles of erring finance ministers, it is a distinct reassurance to read its relatively sanguine description of Germany after monetary union: upward pressure on wages held in check by the inflow of new workers from the East; low import prices damping down any inflationary pressures from abroad. It is hard not to agree that a lot of the pessimism in London about inflationary prospects in Germany was overdone from the start.

To its credit, though, the OECD report is not really preoccupied with the short-term issues at all. As it points out, the appropriate time-scale for viewing the economic consequences of German reunification is perhaps 20 or 30 years. Assuming that productivity in East Germany is about 40 per cent of western levels now and improves at 8.5 per cent per annum, it will take at least 15 years to catch up with West Germany. As for renewing East Germany's capital plant, the time-scale could be just as long.

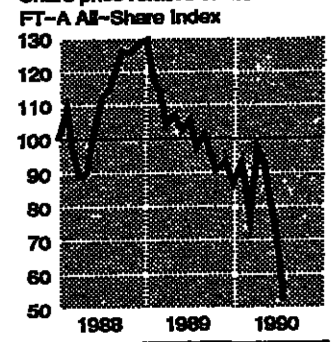
Hence the OECD's strong hint that it will be much easier to integrate the two Germanys if West Germany presses ahead rapidly with freeing up its own economy, by getting rid of subsidies and further deregulating areas like telecommunications, transport and insurance. The faster West Germany liberalises its own markets, the less chance there is of supply bottlenecks, monopolies and trade union power slowing up East Germany's economic miracle. On both sides of the old border, the Federal Cartel Office has a job to do.

Berisford

In the face of yesterday's grim revelations from Berisford International, the chief consolation is that the pace of its demise is quickening. Retaining British Sugar is no longer an option. Even if everything else were successfully sold, the debt burden would be insupportable. For a new owner of British Sugar to get regulatory clearance from London or Brussels may take till Christmas; but it is scarcely conceivable that Berisford will still exist a year from now.

Berisford Int'l

Share price relative to the FT-A All-Share Index



With the shares down a further 11 per cent yesterday at 81p, the market's chief preoccupation is with the break-up value. The starting point is the new board's latest estimate of £240m for shareholders' funds, to which must be added the surplus over book value reached for British Sugar. A common guesstimate for the price is £1bn; from that would have to be deducted book value of £325m, debt of around £270m and maybe £200m in tax. The resulting total per share, for what it is worth, is 93p.

For that value to be realised depends on the new board passing the proceeds directly back to shareholders, rather than developing dreams of empire. But that seems a fair assumption. Mr Stuart and Mr Smith adopted a fairly radical approach to shareholder value at the old Metal Box; and Sir John Egan secured a positively fancy price for Jaguar. The residual worry is that the latest balance sheet, while carefully scrutinised by the new guard, was drawn up by the old. But in any case, in a business as grotesquely tangled as Berisford's has become, no estimate of realisable value is worth much until the contracts are signed and the last cheque cleared.

Gilts

While the UK equity market blows hot and cold on the benefits of ERM membership, the gilt market is not looking too happy either. Two weeks ago, long gilts yielded 11.2 per cent: yesterday the yield was 11.6 per cent. Some of this will be the result of profit taking. For UK pension funds, according to the WM Company, gilts were the best performing asset class in the second quarter, ahead even of UK equities. For overseas investors, the effect was magnified by the rise of sterling. But a more fundamental argument seems to be emerging; that whether or not ERM membership brings inflation down in the medium term, it can do nothing against the rising trend in the meantime.

The argument partly turns on the behaviour of real wages, which were up by 5 per cent in the first quarter of this year after 4 per cent the quarter before. When the combination of rising costs and a fixed exchange rate starts to drive UK companies to the wall, the problem of excessive wage rises will be solved the hard way. But that will take time; meanwhile, the risk is that the promise of lower interest rates on ERM entry will induce consumers to relax their caution even further. The golden scenario is looking a trickier job than ever.

Tiphook

After a disastrous flotation five years ago, when the prospectus mis-stated the net asset value and 84 per cent of the issue was left with the underwriters, Tiphook has grown into a company capitalised at over £600m. After the purchase of Sea Containers' dry cargo container operations, the company is now the world's third largest in its sector. This year should see the benefits of the integration of the new containers, which will add very little in administrative costs. But the containers' treatment on the balance sheet indicates the difficulty in defining what exactly is meant by "conservative" accounting; the write-down of the assets will benefit pre-tax profits by about £8m a year through a reduced depreciation charge.

Although profits are expected to more than double to around £80m this year, the shares are at a discount to the market on a prospective p/e of 8. That may owe something to the 265 per cent gearing level; but there are other question marks about the company's prospects. In the short term the UK trailer rental business will inevitably be affected by the downturn in the economy, although it represents only 10 per cent of Tiphook's profits.

But the longer term threat is that containers are essentially commodity items, despite Tiphook's commitment to providing a high standard of service. The danger is that, although demand may grow steadily, a supply glut could occur through overproduction in emerging economies. That would inevitably hit the rental business hard.

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday July 6 1990

INSIDE

Dollar happy

A UK-based multinational it may be, but British Petroleum has many of the hallmarks of a US corporation. Its principal earnings come from oil, a dollar based commodity, and about 40 per cent of its assets and nearly one third of its staff are in the US. In 1985, it embarked on a financial strategy to fund itself principally in dollars. This has had a profound effect on BP's borrowings programme turning the group into one of the most active and sophisticated swaps market users, writes Andrew Freeman. **Page 28**

Up and up in Caracas

The stock market in Caracas lists only 99 companies. This year, however, a spectacular rise in share prices has attracted international attention. On Wednesday the index reached 4,919.50 up 78.6 per cent from the end of December. Undervaluation of shares and a decline in domestic interest rates fuelled the rise. But with 87 per cent of the share activity accounted for by just 10 issues, the market is also extremely vulnerable to manipulation. **Page 46**

High flying ambitions

American Airlines has taken its biggest plunge yet into the international air travel market. This week it opened the new Latin American routes it purchased from the bankrupt Eastern Air Lines last December. The expansion is part of the group's five-year $11bn growth plan. Its stated aim is to become the premier international carrier of the US. Barbara Durr reports. **Page 24**

De Groote's curtain call

People will always have waste to dispose of, and North American children will always need to get to school. On these simple truths, Canadian entrepreneur Michael de Groote has kept many institutions and thousands of private investors happy for 20 years. At 57, the Canadian entrepreneur is now retiring. But his creation Laidlaw, north America's third largest waste management company and the largest school-bus operator, aims to continue its impressive growth and become more international. **Page 24**

Weir rights to fund expansion

A £29.6m rights issue has been launched by Weir Group, the Glasgow-based engineering concern headed by Lord Weir (left). The 1-for-5 issue, at 250p per share, will be used to fund two acquisitions. The bulk will go towards the £30.5m ($54.44m) purchase of Strachan & Henshaw which has interests in handling equipment for difficult materials, such as nuclear waste. Wier is also to make its first manufacturing step into the US where it will buy Atwood and Morrill, a valve-maker, for about £8m cash. **Page 32**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises				**Rises**			
Altana	565	+	8.5	Dumez S.A	618	+	16
Col Versich	1360	+	100	Promodes	2140	+	40
Sud-Chemie	755	+	10	Sagem	1630	+	30
Falls				**Falls**			
Daimler-Benz	840	–	23	Bouygues	640	–	15
Mannesmann	348.5	–	12	Club Med	612	–	16
Rosenthal	355	–	10	Cogifi	417	–	30.8

NEW YORK ($) / **TOKYO (Yen)**

Rises				**Rises**			
Avon Products	37⅞	+	⅜	Bandai	7100	+	720
McDon Douglas	40¾	+	1¾	Koyo Iron	1150	+	110
Falls				Kyoei Sangyo	2020	+	220
Hib Sav Bank	4½	–	½	Nippon Gas	1650	+	180
IBM	117	–	⅝	Tokyo Kisen	1940	+	220
Microcom	6	–	2¾	**Falls**			
Philip Morris	47½	–	⅜	Kokusai Kogyo	2350	–	140

PARIS (FFr)

New York prices as at 12.30pm.

LONDON (Pence)

Rises				Kwik Save	480	–	19
Lloyds	287	+	6	Legal & General	412	–	9
Metro Radio	177	+	6	Marks & Spencer	227	–	9
Midland	303	+	8	Pearson	788	–	16
Tiphook	557	+	21	Prudential	226	–	6
Falls				RMC	665	–	24
ADT	171	–	6	Sotheby's	835	–	15
Argyll Grp.	238	–	10	Sun Alliance	327	–	10
Berisford Int.	81	–	10	Water Pkg.	1558	–	25
Boots	285	–	10	Wellcome	588	–	18
Capital Radio	194	–	22				
Garrard & Nat.	290	–	6				

Mannesmann plans DM700m rights issue

By David Goodhart in Bonn

MANNESMANN, the West German engineering group, plans to raise DM700m ($425m) in a one-for-10 rights issue – its second major rights issue within eight months.

The cash from the latest issue, announced yesterday at Mannesmann's annual shareholder meeting, will go towards projects in East Germany and the building up of production abroad, especially in the US.

Market reaction to the issue was rather mixed, mainly due to the DM250 a share pricing. The shares closed down DM12 at DM348.5.

Mr Werner Dieter, chairman, told the shareholder meeting that sales for the first five months of the year had risen 8 per cent to DM11.1bn, although most of that was accounted for by the inclusion of the recent acquisition, Krauss-Maffei.

Sales rose only 2 per cent with Krauss-Maffei, the armaments group, excluded.

Better than average performances in the first five months were recorded by the plant building division, and by the two subsidiaries Rexroth and Hartmann & Braun. Order intake for the period was a healthy DM13bn.

On the negative side, orders for large steel tubes were sharply down, especially from eastern Europe and China. Also the Brazilian businesses are suffering from the Government's anti-inflation programme.

Mannesmann, which now owns a 10 per cent stake in the UK's TI Group, is in the middle of a big investment and internationalisation programme. It said yesterday that 64 per cent of the company's sales come either from exports or from foreign-based production but that about three-quarters of that is German-based production for export. "We must continue to spread more of our production abroad," it said.

Mannesmann has, for at least two years, been looking for a large US acquisition but has found nothing at a suitable price. Although it has not abandoned the search, it appears now to be concentrating more on capital investment in existing plants in the US, France and Spain.

The company's other major investment programme is the establishment of Germany's private sector mobile phone network for which a Mannesmann-led consortium won the licence at the end of last year.

The company revealed yesterday that talks were currently taking place with the East German Government about extending the mobile phone network to East Germany. "We are hoping that the Government will not decide to give the licence to another private sector consortium otherwise our ability to compete against the all-German state-run competitor system will be hampered," it said.

It added that the initial investment phase in West Germany was on schedule and the service should begin operating at the end of 1991.

Werner Dieter: presiding over international expansion

Market troubles when the witches ride

Deborah Hargreaves looks at the role of futures contracts during stock dealing turbulence

The witches cast their spell over London's tumultuous stock market session on Friday when cries of price manipulation echoed wildly around the City's dealing rooms. It was a situation reminiscent of the triple witching hours on Wall Street when periods of intense stock market volatility would accompany the expiration of contracts on stock options and stock index futures and options.

Triple witching sparked fiery debate in the US on the role played by futures contracts during times of stock turbulence. The same is likely to happen in London, where the chaotic market conditions on Friday have already prompted a witch hunt.

London's International Stock Exchange has launched an investigation into the unusual market situation on Friday. A statement on its findings is due out later this week. It is expected to clear two of London's largest securities houses – Goldman Sachs and Barclays de Zoete Wedd – of allegations of market manipulation. But many market makers are still calling for changes in how the FT-SE index is calculated.

The upheaval in the stock market occurred on Friday morning when the FT-SE 100 was being set. The calculation is completed by the Stock Exchange during a 10 minute period to provide a value for index futures and options contracts which reached maturity on Friday. The level of the FT-SE determines whether futures traders have loss-making or winning positions on their index contracts which are then settled in cash. The index is extremely important to traders, many of whom also act as equity market makers and can affect the index by altering their prices.

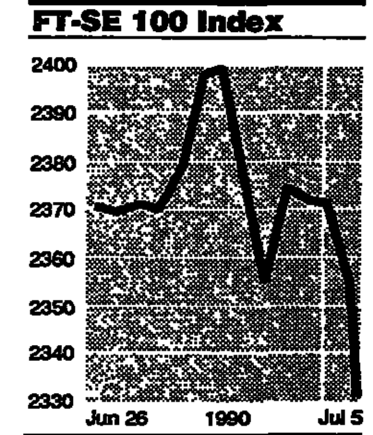
It was well known that large positions had built up in the FT-SE futures contracts in the preceding quarter. By Friday, futures positions were worth some £900m ($1,607m) after activity had doubled from last year.

As traders unwound their positions on Friday, they scrambled to buy or sell stocks depending on various strategies they had developed in the two markets.

The integration between the futures contract and the cash market is tightened by a process called index arbitrage which involves traders taking advantage of price differences in each market by buying futures and selling stocks or vice versa.

Thanks in part to arbitrage activities, Goldman acted as a large buyer of stocks on Friday morning while BZW turned into a huge seller. Prices were confused. At one stage the market went into a period of "backwardation" when bids were higher than offers – the reverse of a normal market situation.

FT-SE 100 Index



During the 10 minutes when the FT-SE value was being calculated, trading was chaotic and volume surged. Allegations flew that some houses were deliberately failing to answer their telephones – to avoid dealing at the prices they were quoting. The Exchange's preliminary investigation has concluded that deals *were* being struck at the prices offered. Any failure by houses to answer their telephones was therefore due to a lack of people to handle the sudden rise in demand, rather than deliberate decision, the Exchange has concluded.

The issues that stem from Friday's problems go far beyond market makers' profits, however. They strike at the heart of the relationship between Liffe and the Stock Exchange and the way business is done in the equity market.

Mr Peter Jones, research director at Greenwell Montagu, sat on the initial committee that drew up the guidelines for calculating the FT-SE value in 1983, but he says these could have been overtaken by market strategies not envisaged at the time.

The way the UK stock market is structured means the index is calculated on the basis of posted prices and not on business done as is the case in many other markets – notably the US and France. This would make it easier to manipulate prices in the UK than in these other markets.

Mr Jones believes the index could be calculated over a longer period of time to create a more representative average although this would hamper arbitrage between the markets.

Views among market makers tend to vary according to their activity in the futures markets but the issue has rapidly polarised opinions. When the same debate raged in the US about four years ago, there was a vehement philosophical split between the Chicago futures market and the New York Stock Exchange which still simmers today.

The problem was different in the US although the result was the same. There, massive sell orders at the New York Stock Exchange, put through right at the close of business, pushed the index value right down. Then it rose again the next day when the derivatives contracts had expired. Triple witching problems were beaten by moving the expiry of the futures and options contracts up to the start of the business day which left the whole day for order imbalances to be sorted out.

Liffe and London's Stock Exchange have always enjoyed a less combative relationship than the one between Chicago and New York. But both are already on the defensive about their own systems and methods of trading.

Nevertheless, the two exchanges say they will look at the index again once the Stock Exchange's investigation is complete to see if any changes need to be made. Ms Victoria Ward, business development director at Liffe, stresses that since the markets are so closely integrated, "solutions have to be sorted out by everyone if the market behaves in a way we don't want it to."

Bosch forecasts slower growth

By Andrew Fisher in Frankfurt

ROBERT BOSCH, the West German automotive equipment and electronics group, expects slower growth in turnover in 1990 after last year's rise of 10.5 per cent to DM30.6bn ($18bn). It says this will come as a result of a slowdown in the expansion of leading world economies, especially in the motor sector.

Mr Marcus Bierich, chief executive, said group turnover this year would be about DM32bn, roughly 4 per cent higher than in 1989. In the first six months, it rose by 4.5 per cent to DM15.9bn. Roughly half of group sales is accounted for by automobile equipment, notably anti-skid braking (ABS) and fuel-injection systems.

The group is stepping up its capital spending, with an increase of 23 per cent to DM2.5bn planned this year. About two-thirds of this will be spent in the motor equipment sector, where Bosch is expanding its business in the UK, France, Spain, the US, and in Asia.

Bosch is also developing its activities in East Germany, where it has signed 48 co-operation agreements. Its biggest project there is a joint venture to produce motor components in Eisenach, the border town where the Wartburg car is built and where Opel (owned by General Motors of the US) is considering a new assembly plant. Bosch plans to invest more than DM200m in Eisenach.

Its other plans in East Germany cover car radios, telecommunications, household white goods, and service centres. "The internal German economic, currency, and social union should affect our business positively," Mr Bierich said. But he was cautious about shorter-term prospects elsewhere. Bosch, which raised net profit last year by 13 per cent to DM626m, would have to increase its cost-cutting efforts as a result of tougher worldwide competition in the automobile sector, he added.

● Kloeckner-Humboldt-Deutz, West German maker of engines and agricultural machinery, said yesterday that operating profits in the first five months of 1990 were DM45m higher than for the corresponding period in 1989. The most important goal this year was to raise operating profit, the group said. Incoming orders in the same period rose 11 per cent and world sales increased 15 per cent.

Actual figures were not provided. In 1989, KHD made a group operating profit of DM44m after a DM28.8m loss in 1988.

GFSA plans job cuts as results show effect of slide in gold price

By Philip Gawith in Johannesburg

GOLD FIELDS of South Africa (GFSA), the country's second largest mining house, yesterday announced plans to cut between 4,000 and 5,000 jobs, or as much as 6 per cent of the workforce in its gold division, as it released quarterly results showing the severe squeeze being felt in the industry from the slide in bullion prices.

The cuts, to be implemented in the financial year which has just begun, follow plans last month by three other mining houses to shed a total of nearly 9,000 miners over the same period.

Yesterday's figures from GFSA for the final quarter to June began what is likely to be a gloomy reporting season. This week a government inquiry recommended that the state should not provide financial aid for loss-making mines except in special circumstances. Mr Mike Tagg, general manager of GFSA's gold operations, said in Johannesburg: "We are just going to have to get this industry leaner, and this low gold price is the opportunity to make these cuts."

Three of the group's seven producing mines – Libanon, Doornfontein and Venterspost – made a loss in the quarter and will be the focus of cost-cutting. Apart from retrenchments this will include sharp cuts in capital expenditure. Mr Tagg emphasised, though, that no measures would be taken which would endanger the long-term viability of a mine. Perversely, GFSA turned in higher overall net profits of R272.0m (£57.6m) compared with R253.4m in the previous three months to March. However, this was achieved only because tax and the state's share of profit declined dramatically, to R36m from R132.9m, reflecting high capital expenditure of R238.5m against R158.8m.

There was a 7 per cent decline in the average gold price to R31,437 per kg. Revenue declined to R836.1m from R886.2m. Yields, however, were maintained at 7.2 grams per tonne and mill throughput was increased slightly to 3.67m tonnes (3.65m). Working costs were 5 per cent higher than the previous quarter, but the rise for the year to June was only 13 per cent. Mr Tagg expressed the hope that many of these workers would be re-employed on new group projects.

Berisford to sell British Sugar

By Clare Pearson in London

BERISFORD International admitted for the first time yesterday that it was ready to sell off its British Sugar business separately from the rest of the group.

Mr John Sclater, chairman of the deeply troubled sugar and property group, said: "The Board is prepared, on reasonable terms, to effect realisations of any of the businesses within the group, including that of British Sugar."

His statement showed Berisford was now ready to sell off even the business which had previously been seen as the jewel in its crown, so severe were the financial difficulties into which it had fallen. Berisford also said yesterday it was passing its interim dividend as it unveiled results for the six months to end-March showing losses after extraordinary provisions and write-offs of £144.5m. At the same level last time, it reported a loss of £17.7m.

Berisford yesterday revealed that group net debt stood at £1.25bn, once off-balance sheet indebtedness of £226m was taken into account. This compared with £1.12bn last time. But meanwhile shareholders' funds have shrunk from £426m to £240m. The shares fell 10p to 81p.

Mr Sclater said the company was trying to restructure its debt. At the same time, a drive was on to sell many of the component parts – notably the investments in New York property where Berisford had been badly hit by the decline in values. However, he emphasised that, despite the withdrawal of Tate & Lyle, the sweeteners group, this week, Berisford was still in talks with other potential bidders. Some discussions concerned the group as a whole and others individual parts.

Reporting on progress on disposals so far, Berisford said it expected the metals division to have ceased to exist by the autumn of this year, while initial agreement had been reached to reduce its share of the coffee business from 65 to 16.7 per cent.

It was about "80 per cent" confident that leasing, the dominant part of the financial services division, would have been sold by the end of the year. "Reasonable progress" was being made on management buy-out plans at the UK property division.

The losses grimly concealed a strong performance from Bristar, the foods division, where pre-interest profits rose to £70m (£56.5m). Within this, British Sugar achieved a sharp advancement to £59.1m (£49.6m).

Pre-interest profits of £57.2m (£72.6m) came after a £23.1m "special" debit, which included adjustments for the fall in UK property values and provisions for bad debts in the financial services division. The pre-tax line of £21.4m (£36.4m) was struck after interest charges of £35.8m (£22m).

Farrow to be assessed for sale as going concern

By Kevin Brown in Sydney

THE FAILED Farrow Corporation, which owns a group of Australian building societies, may be sold as a going concern, it emerged yesterday.

Mr Ken Russell, the administrator appointed by the state Government of Victoria, said he hoped to be able to announce within two weeks whether a sale was possible.

"We have a very reputable company at the moment down there looking at the affairs of the group with a view to devising a way in which it might be resolved," he said.

The privately-owned Farrow Corporation's three building societies – the Pyramid, Geelong and Countrywide – were put into liquidation by Mr Russell earlier this week after he failed to find a buyer.

However, the Labor government of Victoria bowed to overwhelming public pressure on Tuesday and agreed to guarantee about A$1.3bn (US$1bn) owed by the three societies to small depositors.

Mr Russell said the Government's decision to guarantee the funds had made the corporation a more attractive proposition. He refused to identify the company which is assessing the group.

Mr John Cain, the Victorian Premier, is likely to announce an investigation of the collapse shortly, in spite of the potential embarrassment to the Government, which told depositors several months ago there was no need to withdraw funds.

The Government is also expected to confirm shortly that it will borrow A$350m to finance a 25 per cent return to depositors. No timetable has been drawn up for the remaining funds to be repaid.

More than 700 Farrow staff were given notice yesterday that they will be made redundant on July 16.

Meanwhile in Western Australia, the Labor state Government yesterday moved quickly to reassure depositors in the state-owned Rural and Industries Bank, which announced a loss of A$98m for 1989-90.

"The bank is safe, in strong hands and very well capitalised," said Mr Ian Taylor, the state finance minister. "People should adopt a responsible approach. There is no similarity between the loss and the collapse of Pyramid."

Dr Carmen Lawrence, the state Premier, said legislation would be introduced in the state parliament to improve the bank's performance by removing it from direct government control and making its directors accountable under company law.

Bell bid for Perth newspaper rejected

By Kevin Brown

AUSTRALIA'S Trade Practices Commission, the country's anti-trust body, yesterday rejected a bid by Bell Group, publisher of the Perth-based West Australian morning newspaper, for control of the Daily News, the city's only afternoon newspaper.

Bell had argued that the News would have to close unless Bell's West Australian Newspapers (WAN) subsidiary was allowed to acquire United Media, which owns 51.1 per cent of the newspaper.

WAN already holds the remaining 49.9 per cent of United.

However, the commission said there would be "insufficient public benefits" resulting from the acquisition to outweigh the anti-competitive effect of control of both Perth daily newspapers passing to WAN.

The commission said it believed alternative buyers were prepared to purchase the News, together with a series of suburban newspapers if they were made available at commercially realistic prices.

"With an alternative owner, the Daily News could continue in operation and the unemployment impact would be small," the commission said.

● Mr Robert Maxwell, the British newspaper publisher seeking a 49 per cent stake in Bell Group, "has a reputation for intervention which leaves something to be desired," Dr Carmen Lawrence, Western Australia premier, said yesterday.

Mr Maxwell's offer is unlikely to proceed because it has already been opposed by Mr Paul Keating, the federal Treasurer (finance minister) who has the right of veto following a review by the Foreign Investment Review Board.

"We as a community value the independence of the press and more importantly than that the capacity of local owners and local issues to be the focus of the press," Dr Lawrence told the state parliament in Perth.

Westpac Banking review

A REVIEW of Westpac Banking's direction and strategy would result in its withdrawal from poorly performing activities, said Mr Eric Neal, the chairman, Reuter reports from Sydney.

"There will be withdrawal from some activities where earlier potential has failed to materialise, as was the case with Westpac Pollock," he said in a letter to shareholders. Westpac Pollock, a US Government securities dealer, closed after trading losses. Westpac would not say if any particular business was threatened.

The review would also result in "enhancement of the bank's involvement in activities which have the capacity to produce continuing long-term benefits to proprietors."

A high flyer over Latin America's skies

American Airlines aims to become a top international carrier, writes Barbara Durr

American Airlines opened its new routes to Latin America this week, its biggest single plunge to date into the international air travel market.

The routes, purchased from bankrupt Eastern Air Lines last December, take American to 20 cities in 15 countries in central and south Latin America. The new flights are being phased in between July 1 and August 15.

The expansion is part of a five-year $11bn-growth plan by American, which aims to become the premier international carrier of the US. While already considered a top US airline, it wants to be in the same world class as British Airways or Lufthansa and has laid on classier service for its foreign routes.

On its longest hauls to South America – such as those from Miami to Rio/Sao Paulo and to Buenos Aires/Santiago – it now boasts a flagship service. This includes a selection of fine wines, plush leather fully reclining seats and luxury meals for business and first class passengers, and makes memories of Eastern's old overnight flights on the same routes seem like bad dreams.

And, though 1,300 ground and flight crew were picked up from Eastern in Latin America, they seem more enthusiastic about their jobs. For example, Miss Maria Ines Bruzzi, a veteran flight attendant who saw Braniff and Eastern, her two former employers, sink, said she had high hopes for American. "They are much more oriented to the customer and they, unlike the others, have the means to do this."

In a deal with Texas Air, the parent of Eastern and Continental Airlines, AMR Corp, the Dallas-based parent of American Airlines, paid $471m for Eastern's Latin American routes, assorted ground facilities and for Continental's Miami to London route.

Ashley Ashwood

Robert Crandall: 1990 looks like a gloomy year for the airline business

Yet that initial investment was just the beginning. American has paid out another $106m in costs – ranging from installing telephone lines to leasing new office space – to start up its Latin network. And it has used the opportunity of its Latin American route acquisitions to create a hub in Miami, costing a further $42m.

Miami, American's sixth domestic hub, is to become its gateway to the region and a funnel for passengers from Latin America to other US and European cities. The company began flying daily non-stop service from Miami to London on July 1 and will begin a Miami to Madrid service in April 1991. Given American's already extensive flight service to the Caribbean and some Central American destinations, the Miami hub will handle 169 international flights per week by the end of this summer.

The start-up of the new Latin American routes has drawn so much energy from American that it has had to put some European projects on the back burner. Although it has the authority in hand to start service, new flights from Chicago to Helsinki and to Warsaw and Dallas to Barcelona have had to be deferred.

However, company officials are confident they are making a step in a profitable direction. Mr Barry Clark, managing director of route strategy at AMR, said: "We think we can expand the South American market dramatically." Mr Clark believes that better promotion can draw more business and holiday travellers.

Financially strapped Eastern did not have the resources to promote the routes and the competition from Pan Am, the only other US carrier serving South America, is weak, according to Mr Clark. Certainly, if American's recent advertising strategy is any example, the carrier is trying hard to put Latin America on the US air traveller's mental map. It has repeatedly announced its new Latin routes with lavish two-page advertisements in all the leading US newspapers.

Only Brazil's Varig, a state-owned carrier, and Chile's Lan Chile, privatised last year, are in a position to compete in the region, but they are less well known in the domestic US market.

As part of American's $11bn international expansion plan, $7.7bn worth of aircraft have been ordered or are on option to be ordered. Fifteen aircraft are dedicated to the new Latin American routes, including Boeing 767-200s and 757-200s, Airbus 300s and some Boeing 727-200s. Under the total plan, $655m is being spent on improving facilities and another $3.4bn on putting in and maintaining services.

Meanwhile, American is hotly pursuing expansion to other foreign parts. It is seeking authority to fly to Moscow and Berlin, and it will add a Chicago to Milan flight next April. After a five-year effort to build its business in Europe it now flies to 14 European cities.

Cracking the Pacific, especially Japan, is also a top priority. American flies to Sydney and Auckland, but it is seeking routes to Tokyo, Nagoya, Seoul, Manila, Taipei and Singapore. As an illustration of its eagerness to get to Asia, on July 1 it began a service to Hong Kong by sharing a route with Cathay Pacific. In return for marketing support from American, Cathay will provide half the route's aircraft's capacity.

All of the company's ambitious international expansion has of course eaten into its profits. In 1989, even with greater revenues, increased operating costs brought net earnings down to $454.8m, a decrease of 4.6 per cent over 1988.

And Mr Robert Crandall, AMR chairman, said that 1990 looked like a gloomy year for the airline business. But, with an eye on the "globalisation" efforts of European and other competitors, he is undaunted in his drive to take American to the world.

Wassall under fire over MCGSA

By Philip Gawith in Johannesburg

WASSALL, the UK mini-conglomerate which in January took over Metal Closures Group, a packaging and printing company, has drawn anger in the South African investment community because of the way in which it is seeking to buy out minority shareholders in the 77 per cent-owned Metal Closures Group SA.

It has chosen to ignore a request made by the Johannesburg Stock Exchange not to vote this stake at a MCGSA meeting next Tuesday at which shareholders are being asked to sanction the buy-out. The resolutions which must be passed require 75 per cent of the issued capital to vote in favour, meaning that the British group can steamroller through its intentions.

Nor can the minority shareholders merely ignore the offer for their shares, because it is structured as a proposal to convert all the ordinary shares owned by the minorities into redeemable preference shares and then to redeem them out of the company's funds. All would have to comply with the majority.

Martin & Co, a local stockbroking firm which represents some of the minorities, has described the bid as "grossly unjust," and "the most oppressive means available to force shareholders to part with their shares."

It adds: "Wassall would never have been allowed to get away with this in the UK – why should it be allowed to do so in South Africa?"

The per-share value which the parent puts on its proposal is R23. Although this represents a small premium on the trading level of the shares when the offer was announced last month, it is being argued that MCGSA would be worth between R35 and R48 a share if it traded on the same price/earnings ratio as industry leaders.

Valuation is complicated by the fact that the stock is narrowly traded.

But with the total cost of the move just R13.8m ($5.3m), the issue is mainly being treated as one of principle.

The company is able to defy the stock exchange's wishes because the country's fledgling Securities Regulation Panel is not yet empowered to intervene in such matters.

Wassall says its move is justifiable among other reasons because Finansbank, the merchant bank chosen to represent interests of minorities, had judged the offer "fair and reasonable to the shareholders."

Oddly, a Finansbank official was quoted in the local press as saying, "We do not want to get into a position where we are blackmailed by minorities who want a higher price."

Martin & Co has responded by asking: "Is any scheme fair and reasonable where the shareholders affected have their shares expropriated without any effective say?"

Aggrieved minorities, the biggest of which are probably the Anglo American pension fund and the Mines Pension Fund, are examining steps they might take under the Companies Act.

Acer Group to buy Altos Computer

By Louise Kehoe in San Fancisco

THE ACER Group of Taiwan has agreed to acquire Altos Computer, a Silicon Valley multi-user microcomputer manufacturer, in a tender offer valued at about $94m.

The acquisition represents the latest move in the Taiwanese group's aggressive international expansion.

The Acer Group is Taiwan's largest personal computer maker with revenues of more than $700m in 1989 , said Mr Leonard Liu, president of the Acer Group.

Acer plans to purchase all outstanding shares at $8.35 cash per share.

Altos is a veteran of the micro-computer industry. The company was founded in 1977 by Mr David Jackson, a British ex-patriot, who owns, together with family members, about 25 per cent of the company's stock.

An additional 15 per cent of the stock is held by Mr Jackson's former wife. Both are members of the Altos board which has recommended that shareholders accept the Acer offer.

Altos' financial year ended last week. The company is expected to break even for the quarter, after two years of losses.

The company had sales of $140m last year. About 45 per cent of Altos' sales are in Europe and an additional 10 per cent in other international markets with the remainder in the US.

For the first nine months of fiscal 1990 Altos reported sales of $102.6m, down slightly from $105m in the same period last year.

Losses for the nine-month period were $3.1m compared with net losses of $1.4m last year.

"This merger adds stability and resources to Altos. We will have the critical mass to succeed in an increasingly competitive industry," said Mr Ron Conway, president of Altos, who will remain with the company.

Following the merger, Altos will operate as an independent subsidiary of Acer.

Some of Acer's personal computers will be added to Altos' product line and sold through Altos' extensive chain of resellers under the Altos brand name, company officials said.

The Altos acquisition is the second in the US for Acer this year following the acquisition of a small privately-held desktop publishing company.

The Taiwanese group is actively seeking additional alliances and acquisition partners, said Mr Liu.

New head for Anglo Chinese arm

By John Elliott in Hong Kong

SIR MICHAEL Sandberg, the 62-year-old former chairman and chief executive of Hongkong and Shanghai Banking Corporation, has become non-executive chairman of Anglo Chinese Selections, the risk capital arm of Anglo Chinese Holdings which was set up as a privately owned investment bank in 1988 by three former Citicorp and Wardley executives.

Sir Michael is a significant shareholder in Anglo Chinese Investment Company, the group's main holding company, along with local businesses such as First Pacific and the Cha family who control Mingly Corporation and HKR Properties.

Investors in Anglo Chinese Selections include Mr Li Kashing's Hutchison Whampoa, Mr Stanley Ho, the Hong Kong and Macao gambling and transport tycoon, and various US and UK business families.

Sir Michael is believed to have agreed to be chairman of Selections rather than Anglo Chinese Investment because it is lower profile and would not involve a conflict of interest with Hongkong Bank, from which he retired as chairman in 1986.

Second-quarter fall at Marriott group

By Roderick Oram in New York

MARRIOTT, the lodging and food service group, reported yesterday a small decline in second-quarter profits, but it also gave its shareholders some hope that the over-capacity problems of the hotel industry were beginning to ease.

Net profits from continuing operations fell to $46m, or 46 cents a share, for the second quarter ended June 15, from $55m, or 48 cents, a year earlier.

Profits from discontinued businesses including its airline catering service made the final net $67m, or 59 cents, a year earlier. Revenues edged ahead to $1.76bn from $1.70bn.

The first-half net from current operations was $74m, or 72 cents a share, against $93m, or 82 cents. With discontinued operations, the final net a year earlier was $113m, or $1 a share. Revenues were $3.45bn against $3.33bn.

The operating performance of the lodging and contract service businesses was better in the latest period than a year earlier, despite the continuing over-capacity in the lodging industry, said Mr Bill Marriott Jr, chairman.

Construction started on 40 per cent fewer hotels in the US in the first quarter than a year earlier and demand for rooms had begun to grow faster than supply, he added. For Marriott, room tariffs rose faster than inflation in the second quarter.

"While we believe lodging, real estate and financial market conditions will remain especially challenging for the near term, they will continue to create opportunities for our company."

In the first half of this year Marriott sold six hotels in the US and two in Germany while continuing to operate them under long-term agreements. The group added 87 hotels with 16,900 rooms during the quarter bringing its worldwide total to 580 with 141,000 rooms.

The occupancy rate of its full-service hotels slipped half a percentage point in the period because of the late Easter holiday but it remained above 80 per cent. Its Courtyard chain increased its occupancy rate by some two points to the mid-70 per cent level. Its Residence Inn and Fairfield Inn chains dropped two points to near 80 per cent and the mid-70 per cent level respectively. Both increased their room tariffs.

Operating income from contract services rose 15 per cent in the quarter on a 23 per cent rise in revenues, with both figures excluding the airline catering business which Marriott sold last December.

Laidlaw drives on after de Groote

Robert Gibbens on the retirement of a Canadian entrepreneur

MR Michael de Groote arrived in Canada with his family from Belgium in 1948 at the tender age of 15. He has just retired at 57, worth well over C$500m (US$430m), and acknowledged as a great post-war entrepreneur.

The day he announced his retirement as chairman and chief executive, more than 7m shares were traded in his creation, Laidlaw, north America's third largest waste management company and the largest school bus operator.

Did it mean Laidlaw's consistent 25 per cent annual growth record was over and that the heavy hand of Canadian Pacific would take over? Certainly, Mr de Groote had kept many institutions and thousands of private investors very happy for 20 years.

The de Grootes had sold the family farm in Belgium to come to the beckoning pastures of southern Ontario and the Tillsonburg tobacco fields.

In 1951 they bought a tobacco farm, and at 18 Michael de Groote dropped out of school, bought a truck and thereby began a haulage business. Soon he had five trucks.

The great uranium mining boom of the 1950s in northern Ontario gave him his first big break, and his haulage business prospered mightily. But four years later, the bottom fell out of the uranium market.

Mr de Groote's company failed, but soon he was back in Hamilton buying Laidlaw Transport with a C$75,000 bank loan. By 1969 Laidlaw operated 200 vehicles and had annual turnover of more than C$5m.

Soon he saw that people would always have waste to dispose of and that North American children would always have to be bussed to school. In nearly 20 years, he made 200 acquisitions in these two sectors. In the decade up to 1989, when Mr de Groote sold control to Canadian Pacific, Laidlaw's revenues went from C$72m to almost C$1.5bn for an annual compound rate of growth of 35 per cent.

Profits kept up the trend. In the nine months ended May 31 last, Laidlaw earned C$194.8m, up 39 per cent from a year earlier, and making a strong contribution to CP's overall earnings.

Mr de Groote ran the show day to day until he sold his 47 per cent voting control to CP for almost C$500m in cash and CP stock. Early last month, he cashed in the last of the CP shares for C$135m, keeping only 2,000 to qualify him as a CP director.

Waste management now contributes 60 per cent of Laidlaw's profit and bus services 38 per cent.

Mr de Groote pushed Laidlaw outside North America by buying 34 per cent of Attwoods of the UK, with waste management operations in Britain and West Germany, as well as in the US. It owns Tricil, a chemical waste management company, and 24 per cent of ADT, the Bermuda-registered company, as well as an electronic surveillance company.

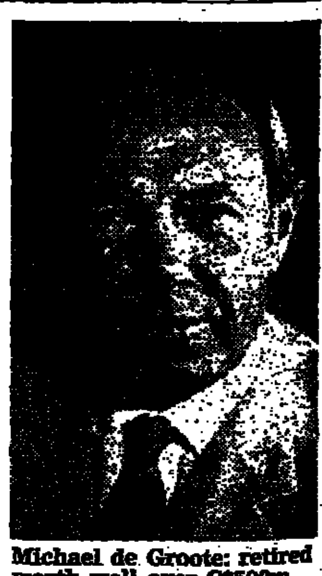
Hard-driving and determined to build a global business, Mr de Groote has always remained a shy and very private man, rarely giving interviews.

But he got on well with Mr William Stinson, CP chairman, and has contributed to CP strategy through his seat on the executive committee.

Taking over as chairman of Laidlaw's is Mr Donald Jackson, 46, who joined the company nearly a year ago, with an excellent track record at Tricil and at Trimac, a Calgary transportation group.

The challenge will be to continue sales and profits growth, as Laidlaw gets more international. Within the next decade, he sees the company operating throughout North America, in western and eastern Europe, and in Asia. Increasing ownership to 100 per cent of Attwoods is possible as a way of expanding in Europe.

He wants to continue Mr de Groote's aggressive acquisition policy, though his style may be less entrepreneurial and Laidlaw will need to deepen its management ranks. But the emphasis will be on the waste management business.



Michael de Groote: retired worth well over C$500m

NZ sells 75% Motonui stake

THE New Zealand Government yesterday sold its 75 per cent stake in the Motonui synthetic fuel plant to Fletcher Challenge, the country's biggest private sector company, for NZ$349m (US$206m), AP-DJ reports from Wellington.

The sale includes an up-front payment by Fletcher's Petrocorp unit for some of the natural gas owned by the Government that is produced from the Maui gas field off the west coast of New Zealand.

The Government sold Petrocorp itself to Fletcher for NZ$800m in April 1988. The remainder of the plant is owned by Mobil.

Placer offer for Stikine fails

By Robert Gibbens in Montreal

PLACER DOME, North America's largest gold producer, has failed to gain more than 50 per cent of the shares of Stikine Resources under its May 28 C$67.50 (US$58.08) a share offer.

"We're disappointed and we are examining all our options," said Mr Hugh Leggatt, a company spokesman, in Vancouver.

Stikine owns half the Eskay Creek gold property in North West British Columbia, which has an estimated value of around C$500m based on drilling results published so far.

Placer offered $67.50 a share for Stikine stock in cash or Placer shares, in a bid to wrest indirect control of the Eskay Creek property from Vancouver promoter Mr Murray Pezim and Toronto gold producer Corona Corp. The other half of Eskay is owned by Prime Resources, jointly owned by Mr Pezim and Corona.

Placer said that as a result of market purchases and 28,000 Stikine shares taken up under the May 28 offer, it owned 1,565,621 Stikine shares on July 4, the expiry date of its offer. This is 45.3 per cent of Stikine.

Placer failed to gather in several "swing" blocks of Stikine shares which will apparently be tendered to Corona.

Placer said it may begin talks with Corona for joint operation and management of the Eskay Creek property. "We are examining ways in which more Stikine shares might be acquired and all other options," said Mr Leggatt.

Corona offered new preferred stock worth an estimated $70 per Stikine share. Earlier it claimed it had locked up 43 per cent of Stikine through shareholder agreements with four big holders of Stikine and its overall objective was 55 per cent. On Tuesday Corona suggested talks were possible with Placer for the future control of Eskay Creek.

NEWS IN BRIEF

Suchard clears board of leaking

JACOBS Suchard, the Swiss coffee and confectionery group, said internal investigations showed none of its board members leaked news of the company's sale to Philip Morris to the press before the official announcement on June 22, Reuter reports.

"Five of the board's 13 members received inquiries from various media but they either refused contact or, if they could not avoid it, they refused to give any information in accordance with the insider law," the company added. The probe was launched after the merger announcement because Cash, a financial weekly, had published extensive details of the deal 24 hours earlier and Suchard's share price had risen strongly in above-average volume over several days.

■ The board of Mondadori, the Italian publishing group, named a court-appointed representative, Mr Giacinto Spizzico, as temporary chairman in place of media entrepreneur Silvio Berlusconi who was unseated last week, Reuter reports. Mr Spizzico had been proposed by Mr Carlo De Benedetti's Cie Industriale Riunite (CIR).

● Asko Deutsche Kaufhaus, the German retailer, said it has not sold its 14 per cent stake in the Dutch retailer Ahold, but could not rule out that it might eventually dispose of the stake. "Everything is possible," a spokesman remarked. Earlier in the day, a West German investment newsletter had reported that Asko had sold the Ahold stake to Amsterdam-Rotterdam Bank.

● Crédit Lyonnais, the French state-controlled bank, has agreed in principle to buy two consumer finance firms and an insurance broker, Poussier-Bernard, from banking group Compagnie La Henin, Reuter reports.

La Henin's 72.1 per cent-owned Somica, and fully-owned Cogiroute La Henin, have around FFr2.2bn ($385m) in consumer loans outstanding.

Oce advances by 5% to Fl 43.1m in first half

By Ronald van de Krol in Amsterdam

OCE-VAN DER Grinten, the Dutch copying machine and office equipment maker, said net profit rose 5 per cent to Fl 43.1m ($22.7m) in the first half of 1990 on sales up 17 per cent at Fl 1.16bn.

After adjustment for acquisitions and the negative effect of exchange rate movements, the underlying rate of sales growth was 9 per cent.

Operating profit posted a steeper increase than net profit, gaining 16 per cent to Fl 79.7m.

First-half growth in net profit was held back by a Fl 7.3m increase in net financing charges to Fl 18m, reflecting higher interest rates and an expansion of interest-bearing capital following acquisitions in the second half of 1989.

Oce said the rise in operating results was due mainly to favourable trends in the market for office systems and to the acquisition last year of the graphics division of Schlumberger. The division, which has since been renamed Oce Graphics, makes a variety of plotters for use in computer-aided design and manufacturing.

Office systems sales increased by 10 per cent to Fl 599m, thanks partly to the introduction of new copiers. However, results from Oce's design engineering activities, which include Oce Graphics, lagged behind.

Although overall sales in design engineering were up 26 per cent at Fl 557m, underlying growth was 2 per cent, after eliminating Oce Graphics' 29 per cent rise and the effects of exchange rate movements. "This decrease in growth is mainly caused by lower sales of copiers," Oce said of the design engineering sector. "Sales of copying supplies were maintained at a good level."

L'Oréal seals alliance with Henry Racamier

By George Graham in Paris

L'OREAL, the leading French cosmetics group, has sealed its alliance with Mr Henry Racamier, the former head of the Louis Vuitton luggage group ousted this year by Mr Bernard Arnault after a lengthy courtroom battle for control of the LVMH group.

Mr Lindsay Owen-Jones, L'Oréal's chairman, is to join the management board of Orcofi, the holding company set up by Mr Racamier and the Vuitton family to acquire the Lanvin fashion house and other prestige brand name companies.

Also joining the Orcofi board, which will be chaired by Mr Racamier, is Mr Michel Piétrini, the former head of Chanel and currently chairman of a L'Oréal subsidiary.

Mr Racamier, who celebrated his 78th birthday a week ago, had once wanted to make Mr Piétrini his successor at Louis Vuitton, a proposal which was blocked by Mr Alain Chevalier, the then chairman of LVMH, and later by Mr Arnault.

The Orcofi management reshuffle sees the departure of Mr Léon Bressler, the banker who took over as chairman of Lanvin after the financially crippled fashion house was rescued by Midland Bank.

Mr Bressler had abandoned the chairmanship of Midland France to devote himself to the fashion business, but when Midland sold Lanvin on to Orcofi, he was pushed to the sideline. Lanvin is now to be run by Mr Piétrini.

Besides Lanvin, and a substantial holding in LVMH through the Vuitton family holding company VIG, Orcofi's main assets are Gordon-Choisy, a producer of expensive leathers, and Luxury Stores Investment, a Swiss company which owns shares in a number of boutiques, including some Louis Vuitton outlets.

Tiphook nearly doubles profits

By Andrew Hill

TIPHOOK, the British container and trailer rental company, nearly doubled its profits last year, and said the main benefits of buying Sea Containers' fleet of dry cargo containers were still to come.

The group made £32.1m ($54.5m) before tax in the 12 months to April 30, compared with £18.1m in 1988-89. Analysts estimate that the Sea Containers deal, completed at the beginning of April, could help boost profits to as much as £80m before tax this year.

Mr Robert Montague, Tiphook's chairman, said yesterday: "This growth is mainly down to organic expansion within our existing businesses. Following the Sea Containers acquisition, we have now focused very clearly on developing our rental markets."

Tiphook bought the Sea Containers assets for $546m (£307m), doubling the size of its container fleet to 400,000 20ft equivalent units (TEU). It was the final episode in the nine-month struggle for control of the Bermuda-registered company, and was part of a deal which also involved the sale of Sealink British Ferries to Tiphook's fellow bidder Stena, a private Swedish ferry operator. Mr Montague said Tiphook was negotiating to sell peripheral businesses, including container manufacturing and forwarding operations, which would raise £15m in total.

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Thompson quits B&C board

By Jane Fuller

SIR PETER THOMPSON, who in the twilight of his chairmanship of the UK transport group NFC took on the rescue of British & Commonwealth Holdings, yesterday retired as a director of the fallen UK financial services group.

He remains a non-executive director of Meyer International, the building materials distributor, and of Pilkington, the glass group, and is also heavily involved in the Confederation of British Industry.

EAST GERMAN ENERGY INDUSTRY

Rival bid for electricity network

FIVE small West German utilities have launched a counter-bid to take over East Germany's antiquated electricity supply industry, the West German federal Cartel Office said, writes Our Financial Staff.

On Monday, the competition authority had blocked plans by the big three West German electricity utilities RWE, Preussenelektra, and Bayernwerk, to take over the whole East German network.

The Cartel Office said the five smaller companies had told the office they were ready to spend billions of D-Marks to modernise the system. They are Hamburgische Electricitäts-Werke, Vereinigte Elektrizitätswerke Westfalen, Berliner Kraft- und Licht (Bewag), Energie-Versorgung Schwaben and Badenwerk.

East Germany's Government said late last month it was holding talks with West German utilities interested in taking stakes in East Germany's electricity network.

The Cartel Office wants to prevent a monopolisation of East Germany's electricity industry. It said the first three bidders had not changed their proposal to take a stake of 50 per cent plus one share in the network. East German authorities had rejected this offer.

A Bonn economics ministry spokesman, however, said talks between the three and East Germany were continuing.

The Cartel Office said the latest offer would be considered carefully. He noted there was already very little competition on the West German electricity market.

According to a senior official of one of the smaller West German utilities the electricity supply industry in East Germany has total debts of at least DM10bn ($5.88bn). Had the three big West German utilities taken over the system the effective purchase price was going to be the taking over of that debt.

Ruhrgas sparks cross-border row

Sara Knight on little-noticed yet dramatic moves in the gas sector

The disclosure earlier this week that Sir Leon Brittan, the European Community's competition commissioner, had warned East Germany over developments in the country's privatisation process has highlighted widespread fears that state monopolies are being replaced with private ones.

Sir Leon Brittan: has warned over privatisation moves

Sir Leon's letter to Mr Gerhard Pohl, East Germany's economy minister, specifically mentioned the purchase by Allianz, West Germany's biggest insurer, of a 51 per cent stake in the former East German state insurance enterprise. The company started business on Sunday, when currency union between the two Germanys came into effect.

Events taking place over the last 10 days in the East German gas sector have been equally dramatic but have so far received little attention.

The East German Ministry for the environment, energy, nature protection and reactor safety has recommended that one East German gas combine, *kombinat* (state enterprise) Leipzig-based Verbundnetzgas (VNG), should take over all gas import contracts, all long distance gas transport pipelines, all gas storage facilities and the distribution of gas to industry and local utilities.

Under the system set up by the old East German regime, VNG already buys all gas imported or produced by other gas *kombinate*, and transports and sells it to industrial customers and regional energy groups.

In addition it is reported that Mr Karl-Hermann Steinberg, East German energy minister has invited Dr Klaus Liesen, chairman of Ruhrgas, West Germany's dominant gas concern, to take over the renegotiation of all gas import contracts with the USSR, currently East Germany's only source of imported gas.

This has been confirmed independently although Ruhrgas itself said yesterday it could not confirm the report.

Ruhrgas' connections in East Germany are already strong. The concern has set up a 50:50 joint venture with VNG for pipeline construction in East Germany. Ruhrgas has signed a contract to supply 2bn cu m of gas per year to VNG from October 1992 for 30 years, worth around DM7bn ($4.1bn).

And, perhaps most significantly, Ruhrgas has announced the signing of a contract with the East German Energy Ministry for the takeover of a 35 per cent share in VNG. A Ruhrgas shareholder, BEB Erdgas und Erdoel, will take a further 10 per cent.

BEB too has signed a contract to supply VNG with 2bn cu m of gas per year from 1993. BEB is a joint subsidiary of Deutsche Shell and Esso, each with 50 per cent, and owns 25 per cent of Ruhrgas.

Another East German gas *kombinat*, Gasanlagen of Mittenwalde, has expressed considerable concern over the way Ruhrgas has got more than its foot in the gas industry door.

First, Gasanlagen is upset about the way the Energy Ministry has been organising future gas imports with a West German concern without informing or consulting the *kombinate* other than VNG.

Secondly, Gasanlagen is worried that if control of the East German gas sector is put in the hands of VNG, and thus also Ruhrgas, its own pipeline plans would be blocked.

Gasanlagen has signed a letter of intent with Wintershall, the BASF subsidiary, on co-operation in the gas sector. Wintershall is planning the new Midal gas pipeline from Emden in the north of West Germany to Ludwigshaven in the south with a branch off to Philippsthal, East Germany – all to be built with the help of Gasanlagen.

Gasanlagen in turn is planning a pipeline linking the Wintershall pipeline at the East/West German border with the USSR pipeline where it meets the East German/Czech border at Sayda.

Both of these pipelines are planned to carry gas in transit for third parties – in stark contrast to Ruhrgas policy which is firmly against any form of common carriage or transit of gas.

Thirdly, a significant part of Gasanlagen's work is construction of pipelines and associated infrastructure in the USSR.

Under a contract drawn up by the old East German Government and the USSR Government, this work was to be paid for in gas supplies. The value of the work was calculated by the USSR.

As the calculation of the value of the construction work was totally unrealistic in market terms, the East German Government in the past made up the true value with subsidy payments to Gasanlagen.

Gasanlagen's plan was to work from next year without these subsidies and the company has set up a joint venture with the state Kohle/Energie Export-Import enterprise for selling the yet-to-be-delivered gas.

However it looks as if this plan too may be knocked on the head if VNG and Ruhrgas end up with the reins in their hands.

So why doesn't Gasanlagen take a share in VNG? Because, under the old regime, all profits were scooped up by the state at the end of the year leaving the combines with little or no reserves.

And there's not much point, says Gasanlagen, in investing a small amount in VNG when Ruhrgas and BEB together will invest around DM500m – a bargain for control of East Germany's 8,000km of gas pipeline.

Sara Knight is a freelance writer on energy.

INTERNATIONAL CAPITAL MARKETS

German Unity bonds dip as profit-takers move in

By Stephen Fidler and Deborah Hargreaves in London and Karen Zagor in New York

AFTER a positive reception, at least from domestic investors, for the DM6bn of Unity bonds priced on Wednesday, profit-taking led to a price fall.

The warm welcome ensured a strong opening for the D-Mark government bond market yesterday. The 10-year bonds were priced with an 8¾ per cent coupon and carried an issue price of 101. They met a strong reception from German institutions, although the response from overseas was more lukewarm.

But profit-taking set in and, coupled with technical selling on the London futures markets, prices started to erode. After peaking in Tokyo at 101.30, the price of the Unity bond dropped to be quoted in late European trading at 100.45/55.

However, the size of the yield differential that some traders, particularly outside Germany, had expected between Unity bonds and the existing Bund issues failed to materialise. Traders said there was a marginal 2 basis point premium on the Unity bonds against the equivalent 10-year Bund.

On the London futures market, an active 41,000 contracts changed hands. The September contract was trading late in the day at 83.60 – a low which suggests a weak opening today for the contract – compared with settlement on Wednesday at 8408 and yesterday's high of 84.28.

Dealers said the five-year Bundesobligationen were also weak, ahead of expected new supply on Monday week.

Traders are expecting the new issue to carry an 8¾ per cent coupon and to be sold in larger size than the usual DM5bn-6bn.

■ THE FRENCH Government's auction of FFr7.94bn worth of bonds yesterday was greeted by the market with enthusiasm, although the issues did not meet overwhelming demand. Primary marketmakers are expected to show little interest in a further non-competitive tranche of government paper that they will be offered today.

The Government sold three issues yesterday: one, of FFr3bn of 9¼ per cent bonds maturing in 1998 at a yield of 9.55 per cent; the second, FFr2.85bn of 8½ per cent 10-year bonds offering a yield of 9.59 per cent; and FFr2.09bn of 8¼ per cent bonds maturing in 2004 with a yield of 9.72 per cent.

There was particular interest in the 14-year issue, since it appeared cheap by comparison with other long-term French paper.

However, the French bond market remains extremely quiet with all interest focused on Germany.

The spread between the two markets started to narrow yesterday to 93 basis points, but this was largely on the back of the decline in bund prices.

■ IN LONDON, gilt-edged securities ended on a weak note on renewed fears over public sector finances and as a response to weakness in the German market.

Long-term UK gilts closed almost a point down on the day, after the futures market broke through a key support level and the yield on bonds maturing in 2003/07 rose to 11.6 per cent.

The market remains extremely quiet with a lack of retail interest.

■ US TREASURY bonds traded in a narrowly mixed range yesterday morning, with volume subdued following the July 4 shutdown.

At midsession, the Treasury benchmark 30-year bond was down 1/32 point at 103 22/32 to yield 8.38 per cent. At the short end of the yield curve, the two-year issue was unchanged, yielding 8.17 per cent.

The Federal Reserve arranged a round of four-day system repurchase agreements when Fed funds were trading at 8¼ per cent. The Fed was seen as facing a large adding requirement and its operations in the open market yesterday were seen as technical rather than indicating a change in monetary policy.

Traders will continue to watch the Federal Reserve's operations in the open market for signs of a change following this week's meeting of the Federal Open Market Committee where policy is often decided.

The market will pay particularly close attention to today's release of June's employment data, which may also determine Fed policy.

Analysts expect non-farm payrolls to increase by 83,000 in the month. Excluding the lay-off of temporary census workers, the payrolls are expected to grow by 132,000 in June. In May, non-farm payrolls increased by 164,000, including 145,000 census workers.

● Dutch Hagemeyer, part of Hong Kong's First Pacific group, has set up a Fl 100m commercial paper programme which will be issued in denominations of Fl 1m. Crédit Lyonnais Bank Nederland will act as sole agent and dealer for the paper. Clearing will be through the Dutch central bank.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-04	-13/32	12.55	12.40	12.55
		10.500	5/99	92-00	-29/32	11.98	11.67	11.99
		9.000	10/08	83-29	-31/32	11.06	10.79	11.03
US TREASURY *		8.875	05/00	103-08	+01/32	8.38	8.47	8.45
		8.750	05/20	104-01	+03/32	8.38	8.45	8.44
JAPAN	No 119	4.800	6/99	86.9484	-0.116	7.20	7.20	6.93
	No 2	5.700	3/07	91.1806	-0.213	6.83	6.76	6.53
GERMANY		7.750	02/00	94.3500	-0.400	8.62	8.72	8.68
FRANCE	BTAN	9.000	02/95	96.5293	-0.034	9.94	10.00	10.07
	OAT	8.500	03/00	93.0700	-0.110	9.61	9.63	9.74
CANADA *		9.750	05/00	94.8000	+0.300	10.61	10.69	10.82
NETHERLANDS		9.000	05/00	101.3300	-0.220	8.79	8.89	8.97
AUSTRALIA		12.000	7/99	93.0926	+0.049	13.34	13.63	13.44

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Three banks in Finland have debt ratings cut

By Tracy Corrigan

THREE Finnish commercial banks – Kansallis-Osake-Pankki, Postipankki and Union Bank of Finland – have had their debt ratings reduced by Standard & Poor's, the international credit-rating agency.

Postipankki's $415m of outstanding senior debt launched after January 1 1988 has been downgraded to Double-A plus from Triple-A. Debt issued before that, with the guarantee of the Republic of Finland, is still rated Triple-A.

The ratings for KOP, Finland's largest banking group with consolidated assets of FM162bn ($42bn), and UBF, the country's second largest bank, have been dropped to Double-A minus. About $3bn worth of KOP debt and $1.6bn worth of UBF debt are affected.

The banks' commercial paper ratings have been affirmed.

The lower ratings reflect the difficult operating environment faced by the banks, partly as a result of increasing competition due to deregulation, the agency said.

Prices in the downgraded bonds were little affected, dealers said. The bonds in question are mainly small volume and illiquid. One trader said bid prices were reduced slightly, but offers were unchanged.

Revision of Swiss index planned

THE SWISS Market Index (SMI) of leading shares will be revised on January 1 to take account of the declining popularity of participation certificates (PC), Reuter reports from Zurich.

The SMI is made up of 24 shares permanently traded in Zurich, Geneva and Basle. Ciba-Geigy and Nestlé PCs are to be taken out of the index and replaced by the two companies' registered shares.

Alusuisse-Lonza bearers will be included in the SMI for the first time. Union Bank of Switzerland PCs will leave the index, but the bank's bearers will remain.

Sector sub-indices derived from the all-share Swiss Performance Index (SPI) will be revised to take account of changes in companies' activities due to acquisitions and restructurings.

The most important change will be the transfer of Oerlikon-Buehrle from the machinery sector to the other industrials sector. This will cause the machinery sector's weighting to drop to 3.6 per cent from 4.3 per cent.

Sydney futures prepare to trade

THE Sydney Futures Exchange (SFE) expects its new five and 10-year semi-government bond contracts to begin trading by mid-September with December 1990 as their contract month, agencies report.

The commencement date will be announced following submission of the rules to the National Companies and Securities Commission (NCSC), the SFE said.

The New Zealand Stock Exchange plans to begin a pilot scheme of options trading at the Wellington exchange from Monday.

The scheme goes into place before plans by the New Zealand Futures and Options Exchange to introduce trading of options on individual stocks in October.

Currently, options contracts on stocks are not available at either exchange.

Gambro placing oversubscribed

GAMBRO, the Swedish medical equipment group, has successfully placed an issue of 4m new B free shares on international stock markets, Reuter reports from Stockholm.

Gambro said the issue, which was priced at SKr145.92 per share to raise SKr584m, was oversubscribed. The financing was partly to pay for last month's acquisition of the US's Cobe Laboratories.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:15 pm on July 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99	99½	-⅛	9.28
ALBERTA PROVINCE 9 3/8 95	600	101⅛	101½		9.08
AMERICAN GENERAL 9 3/4 95	100	98	99¼		10.28
AUSTRALIA 11 1/4 00	100	107½	108¼	-¼	10.01
AUSTRIA 8 1/2 00	400	95¼	96⅛		9.17
BANK OF TOKYO 8 3/8 96	100	95¼	96¼	+⅛	9.35
BELGIUM 9 1/8 92	400	100½	100¾		8.83
BFCE 7 3/4 97	150	93⅛	93¾	+⅛	9.10
BNP 8 5/8 94	300	98½	98¾		9.07
BP CAPITAL 9 5/8 93	150	101	102	+⅛	9.12
CANADA 9 96	1000	100¾	101		8.81
CCCE 9 1/4 95	300	101	101½		8.95
COUNCIL EUROPE 8 96	100	95	95½		9.10
DENMARK 0 98	250	48¾	49¼	-⅛	9.29
DENMARK 8 1/4 94	150	97¼	97¾		9.07
ECSC 8 1/4 96	193	95¾	96⅛		9.11
EEC 7 1/4 93	250	96⅛	96¾		8.80
EIB 7 3/4 96	250	94	94½		9.09
EIB 10 97	250	104⅜	104¾		9.09
ELEC DE FRANCE 9 98	300	99⅞	100¼	+⅛	9.01
EUROFIMA 9 1/4 96	100	101	101½		9.00
EXPORT DEV CORP 9 1/2 98	150	101¾	102¼	+⅛	9.16
FINLAND 7 7/8 97	200	93¼	93¾	+⅛	9.28
FINNISH EXPORT 9 3/8 95	200	101⅛	101⅜		9.02
FORD MOTOR CREDIT 9 1/2 93	300	101	101½		9.10
GAZ DE FRANCE 12 1/4 93	175	104½	105	+1	10.30
GEN ELEC CAPITAL 9 3/8 96	300	101½	101¾	+⅛	9.03
GMAC 9 1/8 96	200	99¾	100¼	+⅛	9.16
HALIFAX 9 1/2 93	200	100¾	101¼		9.19
IBM WORLD TRADE 7 5/8 93	150	95½	96¼	-⅛	9.21
IND BK JAPAN FIN 7 7/8 97	200	93	93½	-⅛	9.30
INTER AMER DEV 7 5/8 96	200	92¾	93¼		9.18
ITALY 8 1/2 94	1500	98¼	98½		8.98
JAPAN DEV BK 8 94	150	97	97½		8.94
KANSAI ELEC PWR 10 96	350	102¾	103¼		9.31
LTCB 8 5/8 93	150	99¼	99¾		8.97
NEW ZEALAND 8 93	100	97¼	97¾		9.15
NIPPON CRED BK 9 3/4 93	150	101½	102	+⅛	9.17
NIPPON TEL & TEL 9 3/8 95	200	101¼	101¾		9.04
NISSAN ACCEPT CORP 9 1/4 91	150	99⅝	100⅛	-⅛	9.58
OLYMPIA & YORK 8 1/4 96	435	89½	91½	-⅛	10.71
ONTARIO HYDRO 11 5/8 94	200	106	107¼	-⅝	9.53
OSTER KONTROLLBANK 8 1/8 93	200	98¼	98⅝		8.85
PRUDENTIAL RLTY SECS 0 99	365.216	46⅝	47½		9.36
QUEBEC HYDRO 9 3/4 98	150	101¾	102¼		9.40
QUEBEC PROV 9 98	200	97¾	98¼		9.38
SAINSBURY 9 1/8 96	150	99⅛	99½		9.30
SAS 10 99	200	101¾	102¼	+⅛	9.70
STATE BK STH AUST 9 1/4 93	100	100⅛	101⅛	+⅛	9.15
SUMITOMO TST 7 3/4 91	100	98⅛	98⅝		9.12
SWEDEN 8 1/8 94	150	97	97½	+⅛	9.05
SWEDISH EXPORT 9 5/8 93	100	101⅛	102		8.87
TOKYO METROPOLIS 8 1/4 96	200	95⅝	96¼	-⅛	9.17
WORLD BANK 8 3/8 99	1500	97¼	97¾	+⅛	9.03
WORLD BANK 8 3/4 97	1500	99⅝	99¾	+⅛	9.02
XEROX CORPN 8 3/8 96	100	93⅞	95⅛	+⅛	9.72

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96½	96½	+⅛	9.02
AUSTRIA 6 98	400	84¼	84¾	+⅛	8.89
CNT 6 1/8 98	200	83¾	84¼	+¼	8.95
CREDIT FONCIER 6 3/4 99	500	87	87¼		8.95
DEUTSCHE BK FIN 5 5/8 96	750	85½	85¾	-⅛	8.88
EEC 5 3/8 93	300	91½	91½		9.32
EIB 6 1/8 96	300	87¼	87½	+⅛	8.97
EIB 6 7/8 95	300	91⅛	91⅜	+¼	9.02
ELEC DE FRANCE 6 1/8 98	300	83¼	83⅝		9.08
EUROFIMA 6 1/4 98	400	83½	83¾	+⅛	9.25
FERRO DEL STAT 5 3/8 93	500	92¼	92¾	+⅛	8.91
IND BK JAPAN FIN 5 5/8 96	200	85⅛	85⅝	+⅛	9.02
INTER AMER DEV 7 1/4 99	300	88¾	88⅞	-1⅛	9.14
LUFTHANSA INT FIN 5 7/8 98	500	82¼	82¾	-1⅛	9.18
QUEBEC HYDRO 6 3/4 99	300	85⅛	85¾	+⅛	9.30
SWEDEN 6 1/8 98	300	84¼	84¾	+¼	8.94
WORLD BANK 0 15	2000	14¼	14¾		7.95
WORLD BANK 5 3/4 96	300	86⅛	86½	+⅛	8.95
WORLD BANK 7 1/8 95	500	93¾	94	+¼	8.84

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	90	91½	+1	6.93
AUSTRIA 4 5/8 98	100	90	90¼		6.32
COUNCIL EUROPE 4 3/4 98	250	87	88	-½	7.00
DENMARK 3 3/4 91	100	97	97½		8.47
EEC 5 1/2 00	100	91	91		6.73
EIB 5 3/4 93	100	97½	98		6.60
FINLAND 5 3/8 95	150	93¼	94¼		6.81
JAPAN DEV BK 5 1/2 94	100	96½	96½		6.61
MOUNT ISA FINANCE 5 3/4 94	100	90	90		8.92
NEW ZEALAND 4 7/8 99	200	86¼	86¾		7.06
POLLY PECK INTL FIN 6 1/4 96	100	85	85		9.82
QUEBEC HYDRO 5 08	100	80	80½	+½	7.00
SKANDINAVISKA ENSK 6 1/2 95	100	98½	99	+⅛	6.88
WORLD BANK 6 1/4 92	100	99	99½	+½	6.72
WORLD BANK 7 1/4 92	100	100¼	101¼	+¼	6.84

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	92¼	93		7.13
CANADA 4 3/8 92	80000	95⅛	95¾		7.11
CREDIT FONCIER 5 1/4 94	20000	92⅝	93⅛		7.23
DENMARK 7 95	40000	99¾	100		7.05
EIB 4 5/8 94	40000	92¼	92½	+⅛	7.03
FNMA 6 7/8 92	50000	98¼	98¾	-1⅛	8.03
GENERAL ELECTRIC 5 3/4 93	35000	96¼	96¾		7.29
ITALY 5 3/4 92	150000	98	98¼	+⅛	7.07
KANSAI ELEC PWR 4 5/8 94	60000	91¼	91½	+⅛	7.33
NIPPON TEL & TEL 5 7/8 96	50000	94½	94¾	+¼	6.99
NORWAY 5 1/8 95	50000	92⅝	92⅞		7.00
SWEDEN 5 5/8 95	20000	93¼	94¼		7.09
WORLD BANK 6 3/4 00	50000	99	99¼	+⅛	6.89

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	93	94	+1	9.34
KREDIETCORP 7 93 LFr	1000	93¾	94¾	+1	9.41
WORLD BANK 8 96 LFr	1000	94½	95½	+1½	9.29
AMRO BANK 6 1/4 92 Fl	150	94	94½		9.50
DENMARK 8 1/2 91 Fl	100	99	99¾		9.71
HEINEKEN 7 5/8 94 Fl	150	94¾	95½		9.26
PHILIPS GLOEILAMPEN 5 3/4 92 Fl	150	94	94¾		9.72
RABOBANK 5 3/4 93 Fl	150	91¾	92½		9.38
WORLD BANK 6 1/4 91 Fl	100	97¾	98¼	-⅛	10.26
ALBERTA PROVINCE 10 92 C$	500	95⅝	96⅛	+⅛	12.41
BCE INC 9 5/8 93 C$	300	93¼	93⅝	+⅛	12.64
BELL CANADA 10 5/8 99 C$	150	93⅝	94⅛	+⅛	11.81
BRITISH COLUMBIA 12 1/4 91 C$	100	98¾	99⅜		13.45
EIB 10 1/8 98 C$	130	91⅞	92⅜	+½	11.76
FORD CREDIT CANADA 10 94 C$	100	93	93½	+⅛	12.26
GENERAL ELECT CAP 10 1/4 93 C$	175	94⅛	94⅝	+⅛	12.42
MONTREAL TRUSTCO 8 1/2 92 C$	100	93⅛	93⅝	+⅛	12.73
ONTARIO HYDRO 10 7/8 99 C$	500	95⅞	96⅛	+⅛	11.63
QUEBEC PROV 10 1/2 98 C$	200	93¼	93⅝	+⅛	11.81
ROYAL TRUSTCO 10 1/4 93 C$	100	94¼	94¾	+⅛	12.72
SWEDEN 9 3/4 93 C$	250	94⅝	95⅛	+⅛	12.07
AUSTRIA 7 1/2 93 Ecu	125	93¼	94½	-⅛	10.30
CNT 7 3/8 93 Ecu	250	92⅝	93⅛	-⅛	10.37
CREDIT LYONNAIS 9 96 Ecu	125	95¾	96¼		9.98
DENMARK 7 5/8 96 Ecu	250	89¼	89¾		10.15
EEC 7 5/8 94 Ecu	200	92½	93	-⅛	10.16
EIB 10 97 Ecu	500	99¾	100¼		10.00
ITALY 10 3/4 00 Ecu	1000	104	104¼	+⅛	10.07
SWEDEN 7 1/2 93 Ecu	250	93¼	93¾	-⅛	9.88
BMW FINANCE 14 1/2 92 AS	100	100¼	100¾		14.23
COUNCIL EUROPE 13 93 AS	50	98¾	99¼		13.50
EKSPORTFINANS 12 3/8 95 AS	75	94⅛	94⅝	+⅛	14.09
FORD CRED AUST 13 93 AS	50	96½	97		14.58
HEINZ 12 3/4 91 AS	100	97½	98¼		15.67
ICI 15 1/2 92 AS	100	101½	102	+⅛	14.49
NAT AUSTRALIA BANK 14 3/4 94 AS	150	100½	101		14.47
STATE BK NSW 14 1/4 99 AS	100	100⅜	100⅞	+⅛	14.14
VOLKSWAGEN INTL 15 94 AS	100	102½	103		14.05
BARCLAYS JERSEY 9 1/2 93 £	250	91	91¼	-⅛	13.58
EIB 10 97 £	300	87⅛	87⅝	-½	12.93
FORD CREDIT FUNDING 9 5/8 93 £	50	90½	91¼	-⅛	13.93
INTER AMER DEV 11 3/8 95 £	75	94¾	95¼	-⅛	12.87
ITALY 10 1/2 14 £	400	85⅞	86¼	-⅛	12.35
LAND SECS 9 1/2 07 £	200	73⅞	74⅛	-⅛	13.49
LEEDS PERMANENT 9 1/4 93 £	50	90¼	90⅝	-⅛	13.57
NORWAY 10 1/2 94 £	200	92½	93	-⅛	13.19
ROLLS-ROYCE 9 5/8 93 £	150	90⅛	90⅝	-⅛	13.88
SAINSBURY 10 7/8 93 £	100	93½	94⅛	-⅛	14.04
WORLD BANK 11 1/4 95 £	100	94½	95	-½	12.82
ABBEY NATIONAL 0 96 NZ$	100	42¾	43¾		14.57
TELECOM NZ 0/S FIN 13 1/8 93 NZ$	75	98¾	99¼		13.57
AIDC 7 7/8 93 FFr	600	93⅛	93⅝		10.31
DENMARK 8 1/8 91 FFr	1000	97⅛	97⅝		10.11
EURATOM 7 5/8 98 FFr	500	86¼	86⅝	-⅛	10.25

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.97	100.03	15.3125
ALBERTA PROVINCE 1/32 93	500	99.89	99.99	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.89	99.94	15.3300
BANCO DI NAPOLI INT 91	150	99.96	100.06	8.8750
BANCO ROMA 0.03 01	200	95.93	96.18	8.4675
BELGIUM 1/16 97 DM	500	100.04	100.13	8.9375
BFCE -0.02 96	350	99.81	99.91	8.4175
BNP 05	300	98.76	98.86	8.3750
BRITANNIA 1/10 96 £	150	99.91	99.96	15.3500
CITICORP 1/4 98	500	96.23	96.73	8.5625
CITIZENS FED 0.15 96	100	98.79	99.73	8.7125
COMMERZBK 0/S FIN 93	200	99.59	99.69	8.3125
DENMARK -1/8 96	1000	99.13	99.23	8.1875
FERRO DEL STAT 94	200	100.27	100.37	8.4375
HALIFAX 1/10 94 £	200	100.07	100.12	15.3500
MITSUI FIN ASIA 1/8 96	100	99.90	100.01	8.5625
MORGAN (JP) 1/4 97	250	99.70	99.98	8.5625
NAT WEST FIN 3/16 05	400	97.44	97.81	8.8125
NEW ZEALAND 93	500	99.42	99.52	8.2500
NORTHEAST SAVINGS 1/10 96	150	99.02	99.77	8.5375
PORTUGAL 0.05 93	700	99.89	99.99	8.4875
QUEBEC PROV 01	300	97.42	97.59	8.5000
RENFE 98	500	99.66	99.76	8.5000
SOCIETE GENERALE 96	300	99.28	99.38	8.6250
UNITED KINGDOM -1/8 96	4000	99.77	99.80	8.1250
WELLS FARGO 1/16 94	150	98.00	98.50	8.3750

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	101¾	102¾	+20.59
ASDA-MFI 4 3/4 02 £	100	1.64	105½	106½	+47.88
BURTON GROUP 4 3/4 01 £	210	3.15	104	105¼	
EASTMAN KODAK 6 3/8 01	300	50.67	95	95¾	+17.41
GOODYEAR TIRE 6 7/8 03	150	80¼	72¾	73¾	+98.24
GRACE (WR) 6 1/4 02	150	42⅛	85¼	86	+22.59
GRAND MET 6 1/4 02 £	100	6.58	103½	104½	+3.82
HAWLEY 6 02 PREF	400	1.91	110⅝	111⅝	+11.03
HILLSDOWN 4 1/2 02 £	150	4.16	98⅛	99⅛	+45.79
INTL PAPER 5 3/4 02	200	68½	89	90	+18.96
LAND SECS 6 3/4 02 £	84	6.72	83¼	84¼	+6.76
METAL BOX 5 3/4 02 £	65	1.93	106¾	108¼	-3.27
MITSUBISHI BK 1 3/4 02	300	2727.1	88¼	90¼	+3.22
OGDEN 6 02	85	39.077	86⅝	87½	+20.89
PACIFIC DUNLOP 6 3/4 97	75	3.749	112¼	113¼	+3.47
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	77	77¾	+62.58
THORN EMI 5 3/4 04 £	103	7.45	106¼	107¼	+1.31

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Gold Mining Companies' Quarterly Reports for the quarter ended 30 June 1990

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited
(Registration No. 68/04880/06)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

	Quarter ended 30 June 1990	*Quarter ended 31 March 1990*	*Year ended 30 June 1990*
OPERATING RESULTS			
Gold – East Driefontein			
Ore milled (t)	720 000	680 000	2 812 000
Gold produced (kg)	6 026,0	5 591,0	23 302,8
Yield (g/t)	8,4	8,2	8,3
Price received (R/kg)	31 482	33 654	32 518
Revenue (R/t milled)	263,84	277,03	269,82
Cost (R/t milled)	144,05	145,08	141,50
Profit (R/t milled)	119,79	131,95	128,32
Revenue (R000)	189 965	188 383	758 744
Cost (R000)	103 716	98 658	397 914
Profit (R000)	86 249	89 725	360 830
Gold – West Driefontein			
Ore milled (t)	705 000	705 000	2 820 000
Gold produced (kg)	6 622,4	6 919,4	27 845,7
Yield (g/t)	9,4	9,8	9,9
Price received (R/kg)	31 315	33 668	32 533
Revenue (R/t milled)	294,59	330,85	321,67
Cost (R/t milled)	171,00	165,75	165,26
Profit (R/t milled)	123,59	165,10	156,41
Revenue (R000)	207 686	233 249	907 112
Cost (R000)	120 552	116 857	466 036
Profit (R000)	87 134	116 392	441 076
Reclamation plant — West Driefontein			
Tons treated	600 000	607 400	1 631 000
Gold produced (kg)	328,7	332,7	906,8
Yield (g/t)	0,5	0,5	0,6
Revenue (R000)	10 325	11 062	29 512
Cost (R000)	3 542	3 685	11 769
Profit (R000)	6 783	7 377	17 743
FINANCIAL RESULTS (R000)			
Working profit: Gold and reclamation plant	180 166	213 494	819 649
Tribute royalties	1 430	1 142	4 254
Net mining revenue	181 596	214 636	823 903
Net sundry revenue (group)	13 747	12 868	60 582
Recovery under loss of profits insurance	—	7 500	8 758
Profit before tax and State's share of profit	195 343	235 004	893 243
Tax and State's share of profit	61 870	120 442	406 686
Profit after tax and State's share of profit	133 473	114 562	486 557
Capital expenditure	51 514	41 291	201 126
Dividend	163 200	—	295 800

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1990 was R876,8 million.

DIVIDEND. A dividend (No. 34) of 80 cents per share was declared on 12 June 1990, payable to members on or about 8 August 1990.

SHAFTS

EAST DRIEFONTEIN

No. 5 Sub-Vertical Shaft-E. The shaft was sunk 29 metres to its final depth of 1 554 metres below the collar on 22 Level. The raise boring of rock passes and the installation of the second man winder continue.

No. 1 Tertiary Shaft-E. 51 metres of the 72-metre headgear have been sliped. The excavation of the tip and bins was completed and support work was commenced. Civil work on the belt level is in progress.

WEST DRIEFONTEIN

No. 9 Sub-Vertical Shaft-W. The excavation of winder chambers on 21 Level continued and civil work for the installation of the kibble winder on 22 Level was commenced. The sliping of the station layout and excavation of the pump chamber on 22 Level are in progress.

ORE RESERVES AT 30 JUNE 1990. The detailed ore reserves will be published in the annual report. At the prevailing pay limits the reserves are as follows:

East Driefontein (Pay limit 6,3 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	4 169 000	172	17,1	2 941
Carbon Leader	901 000	153	11,9	1 821
Main Reef	540 000	153	7,6	1 163
Total and averages	5 610 000	167	15,4	2 572

West Driefontein (Pay limit 8,1 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Carbon Leader	1 152 000	113	27,9	3 153
Ventersdorp Contact Reef	1 909 000	193	14,0	2 702
Main Reef	666 000	123	9,8	1 205
Erosion Channel	548 000	114	15,8	1 801
Total and averages	4 275 000	141	17,4	2 453

On behalf of the board

C. T. Fenton, M. J. Tagg — *Directors*

5 July 1990

Kloof

Kloof Gold Mining Company Limited
(Registration No. 64/04462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

	Quarter ended 30 June 1990	*Quarter ended 31 March 1990*	*Year ended 30 June 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	540 000	540 000	2 160 000
Gold produced (kg)	6 276,5	5 814,0	25 825,0
Yield (g/t)	11,6	10,8	12,0
Price received (R/kg)	31 411	33 652	32 522
Revenue (R/t milled)	365,64	362,90	389,47
Cost (R/t milled)	214,20	197,51	196,84
Profit (R/t milled)	151,44	165,39	192,63
Revenue (R000)	197 445	195 967	841 262
Cost (R000)	115 670	106 656	425 187
Profit (R000)	81 775	89 311	416 075
FINANCIAL RESULTS (R000)			
Working profit: Gold	81 775	89 311	416 075
Net sundry revenue	6 085	7 865	30 236
Profit before tax and State's share of profit	87 860	97 176	446 311
Tax and State's share of profit	(27 814)	1 915	15 137
Profit after tax and State's share of profit	115 674	95 261	431 174
Capital expenditure	135 749	84 711	387 430
Dividend	54 495	—	127 155
Issue of debentures	—	—	35 425

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 30 June 1990 was R849,4 million.

(b) Included in the total of capital expenditure for the quarter ended 30 June 1990 is an amount of R106,8 million in respect of Leeudoorn.

DIVIDEND. A dividend (No. 41) of 45 cents per share was declared on 12 June 1990, payable to members on or about 8 August 1990.

SHAFTS

KLOOF

No. 4 Sub-Vertical Shaft-K. The establishment of the intermediate pump chamber continued and no sinking was done.

LEEUDOORN

No. 1 Sub-Vertical Shaft-L. The changeover to underground hoisting arrangements continued and the equipping of the headgear portion was completed. The equipping of the shaft down to 29 Level for sinking operations was started. The commissioning of the kibble winder was completed and commissioning of the rock winder was started.

The surface ventilation shaft was commissioned with one fan operating.

ORE RESERVES AT 30 JUNE 1990. The detailed ore reserves will be published in the annual report. At the prevailing pay limits the reserves are as follows:

Kloof (Pay limit 8,0 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	3 652 000	157	24,8	3 894
Kloof Reef	380 000	190	10,5	1 995
Libanon Reef	40 000	149	12,7	1 892
Total and averages	4 072 000	159	23,3	3 705

Leeudoorn (Pay limit 8,0 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	667 000	141	19,1	2 693

On behalf of the board

C. T. Fenton, M. J. Tagg — *Directors*

5 July 1990

Libanon

Libanon Gold Mining Company Limited
(Registration No. 05/08381/06)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1990	*Quarter ended 31 March 1990*	*Year ended 30 June 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	425 000	415 000	1 710 000
Gold produced (kg)	1 757,7	1 749,9	7 266,8
Yield (g/t)	4,1	4,2	4,2
Price received (R/kg)	31 444	33 742	32 527
Revenue (R/t milled)	130,17	142,50	138,43
Cost (R/t milled)	143,25	143,37	138,15
(Loss)/profit (R/t milled)	(13,08)	(0,87)	0,28
Revenue (R000)	55 323	59 138	236 720
Cost (R000)	60 881	59 497	236 246
(Loss)/profit (R000)	(5 558)	(359)	474
FINANCIAL RESULTS (R000)			
Working (loss)/profit: Gold	(5 558)	(359)	474
Net sundry revenue	980	1 332	6 159
Recovery under loss of profits insurance	5 000	—	5 000
Profit before tax	422	973	11 633
Tax	3 045	696	5 437
(Loss)/profit after tax	(2 623)	277	6 196
Capital expenditure	4 786	4 504	23 321
Dividend	—	—	4 000

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1990 was R67,5 million.

DIVIDEND. No final dividend was declared.

PRODUCTION. The underground fire which was reported on 13 March 1990 was extinguished during the quarter and stoping operations recommenced in the affected area at the beginning of May. The loss of production in April was 10 000 tons bringing the total loss to 30 000 tons. A provisional payment was received from the insurers during the quarter.

ORE RESERVES AT 30 JUNE 1990. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 5,5 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Main Reef	753 000	144	6,2	893
Ventersdorp Contact Reef	85 000	162	21,5	3 483
Kloof Reef	220 000	229	6,8	1 557
Libanon Reef	15 000	180	6,0	1 080
Total and averages	1 073 000	158	7,6	1 201

On behalf of the board

M. J. Tagg, C. T. Fenton — *Directors*

5 July 1990

Vlakfontein

Vlakfontein Gold Mining Company Limited
(Registration No. 05/06155/06)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1990	*Quarter ended 31 March 1990*	*Year ended 30 June 1990*
OPERATING RESULTS			
Gold – Droogebult			
Ore milled (t)	—	—	106 857
Gold produced (kg)	—	—	304,4
Yield (g/t)	—	—	2,8
Price received (R/kg)	—	—	32 387
Revenue (R/t milled)	—	—	92,45
Cost (R/t milled)	—	—	86,42
Profit (R/t milled)	—	—	6,03
Revenue (R000)	—	—	9 879
Cost (R000)	—	—	9 235
Profit (R000)	—	—	644
Gold – Surface sources			
Ore milled:			
from surface dumps (t)	77 859	41 751	263 630
from outside sources (t)	16 141	81 249	266 513
Total milled (t)	94 000	123 000	530 143
Gold produced (kg)	112,0	141,5	552,5
Yield (g/t)	1,2	1,2	1,0
Price received (R/kg)	32 891	34 030	32 902
Revenue (R/t milled)	39,19	39,25	34,35
Cost (R/t milled)	35,71	40,25	34,19
Profit/(loss) (R/t milled)	3,48	(1,00)	0,16
Revenue (R000)	3 684	4 828	18 214
Cost (R000)	3 357	4 951	18 127
Profit/(loss) (R000)	327	(123)	87
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	327	(123)	731
Net sundry revenue	67	94	704
Profit/(loss) before tax and State's share of profit	394	(29)	1 435
Tax and State's share of profit	211	8	227
Profit/(loss) after tax and State's share of profit	183	(37)	1 208
Capital expenditure	(241)	(34)	256

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1990 was R0,3 million.

DIVIDEND. No final dividend was declared.

PRODUCTION. During the quarter the remaining sources of dump material were treated. This accounted for the drop in tonnage milled. Following the depletion of payable dump material, the final gold clean-up of the plant started in June. It is expected that this clean-up should largely be completed by the end of the following quarter.

SALE OF ASSETS. The Droogebult claims and tribute agreement are in the process of being transferred to Nigel Gold Mining Holdings Limited ("Nigel"). This is expected to be completed within months following which disposal of the Nigel shares to be transferred to this company can be considered. Steps with regard to the sale of the other assets have been initiated.

On behalf of the board

M. J. Tagg, B. A. Day — *Directors*

5 July 1990

Venterspost

Venterspost Gold Mining Company Limited
(Registration No. 05/05632/06)

ISSUED CAPITAL: 20 200 000 ordinary shares of 25 cents each, fully paid.
29 800 000 deferred shares of 25 cents each, fully paid.

	Quarter ended 30 June 1990	*Quarter ended 31 March 1990*	*Year ended 30 June 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	390 000	1 600 200
Gold produced (kg)	1 376,6	1 588,5	5 979,9
Yield (g/t)	3,5	4,1	3,7
Price received (R/kg)	31 573	33 765	32 585
Revenue (R/t milled)	111,56	137,73	121,96
Cost (R/t milled)	134,96	129,79	127,72
(Loss)/profit (R/t milled)	(23,40)	7,94	(5,76)
Revenue (R000)	43 507	53 716	195 153
Cost (R000)	52 633	50 618	204 378
(Loss)/profit (R000)	(9 126)	3 098	(9 225)
FINANCIAL RESULTS (R000)			
Working (loss)/profit: Gold	(9 126)	3 098	(9 225)
Net sundry revenue	6 359	3 996	11 317
Recovery under loss of profits insurance	250	—	4 953
(Loss)/profit before tax	(2 517)	7 094	7 045
Tax	(1 764)	3 081	2 968
(Loss)/profit after tax	(753)	4 013	4 077
Capital expenditure			
Existing mine	1 851	262	4 024
No. 4 Shaft Project	11 545	7 512	38 862

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1990 was R175,2 million.

DIVIDEND. No final dividend was declared.

No. 4 SHAFT COMPLEX. The shaft was sunk 90 metres to a depth of 620 metres below collar. The cutting of 6 Level station and development to the ore passes was completed, and the cutting of the 7 Level station and the associated development was started. The 10 Level haulage advanced 459 metres to a total of 2 488 metres and is now 73 per cent complete, while the 24 Level haulage advanced 194 metres to a total of 513 metres and is now 15 per cent complete.

ORE RESERVES AT 30 JUNE 1990. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 5,2 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Main Reef	2 689 000	142	5,9	838
Ventersdorp Contact Reef	1 484 000	155	6,6	1 023
Libanon Reef	—	—	—	—
Total and averages	4 173 000	147	6,1	897

On behalf of the board

M. J. Tagg, C. T. Fenton — *Directors*

5 July 1990

Doornfontein

Doornfontein Gold Mining Company Limited
(Registration No. 05/24709/06)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

	Quarter ended 30 June 1990	*Quarter ended 31 March 1990*	*Year ended 30 June 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	390 000	1 560 000
Gold produced (kg)	1 998,0	2 052,5	8 083,0
Yield (g/t)	5,1	5,3	5,2
Price received (R/kg)	31 396	33 985	32 552
Revenue (R/t milled)	161,07	179,06	168,88
Cost (R/t milled)	168,87	155,77	162,02
(Loss)/profit (R/t milled)	(7,80)	23,29	6,86
Revenue (R000)	62 818	69 836	263 450
Cost (R000)	65 860	60 752	252 749
(Loss)/profit (R000)	(3 042)	9 084	10 701
FINANCIAL RESULTS (R000)			
Working (loss)/profit: Gold	(3 042)	9 084	10 701
Net sundry revenue	1 310	1 400	6 431
(Loss)/profit before tax	(1 732)	10 484	17 132
Tax	720	752	3 103
(Loss)/profit after tax	(2 452)	9 732	14 029
Capital expenditure	10 528	6 418	35 138

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1990 was R82,0 million.

DIVIDEND. No final dividend was declared.

ORE RESERVES AT 30 JUNE 1990. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 6,5 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Carbon Leader	1 992 000	116	11,9	1 380
Main Reef	866 000	118	8,7	1 027
Total and averages	2 858 000	117	10,9	1 275

On behalf of the board

M. J. Tagg, C. T. Fenton — *Directors*

5 July 1990

Deelkraal

Deelkraal Gold Mining Company Limited
(Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1990	*Quarter ended 31 March 1990*	*Year ended 30 June 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	405 000	405 000	1 620 000
Gold produced (kg)	2 390,3	2 421,3	9 581,0
Yield (g/t)	5,9	6,0	5,9
Price received (R/kg)	31 614	33 444	32 529
Revenue (R/t milled)	186,87	200,23	192,69
Cost (R/t milled)	129,10	122,88	123,19
Profit (R/t milled)	57,77	77,35	69,50
Revenue (R000)	75 683	81 094	312 158
Cost (R000)	52 287	49 766	199 566
Profit (R000)	23 396	31 328	112 592
FINANCIAL RESULTS (R000)			
Working profit: Gold	23 396	31 328	112 592
Net sundry revenue	4 858	4 253	19 802
Profit before tax and State's share of profit	28 254	35 581	132 394
Tax and State's share of profit	(287)	6 042	11 456
Profit after tax and State's share of profit	28 541	29 539	120 938
Capital expenditure	22 789	13 832	73 776
Dividend	34 839	—	59 724

TAX. During the year the company became liable for formula tax.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1990 was R285,2 million.

DIVIDEND. A dividend (No. 15) of 35 cents per share was declared on 12 June 1990, payable to members on or about 8 August 1990.

No. 3 SHAFT. The shaft was sunk 24 metres to a depth of 888 metres below the collar. The cutting of the intermediate pump chamber is complete.

No. 3 SUB-VERTICAL SHAFT. The cutting of two of the man winder chambers and the headgear dome is in progress.

ORE RESERVES AT 30 JUNE 1990. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 4,6 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	1 984 000	148	8,5	1 258
Deelkraal Reef	310 000	191	5,8	1 108
Total and averages	2 294 000	152	8,1	1 231

On behalf of the board

C. T. Fenton, M. J. Tagg — *Directors*

5 July 1990

GOLD FIELDS OF SOUTH AFRICA LIMITED

Note:
Copies may be obtained from the United Kingdom Registrar:
Barclays Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

BP's debt strategists wave the stars and stripes over their British home

Andrew Freeman talks to the UK-based oil multinational about its reputation for efficient borrowing through sophisticated use of markets

British Petroleum has many of the attributes of a US corporation. Its principal earnings come from a *dollar-based commodity*, oil. Around 40 per cent of its assets and nearly a third of its staff are in the US. And all internal management information is described in dollars, despite BP's requirement to produce sterling-denominated accounts.

Its decision five years ago to identify itself as a dollar-based group thus made sense. According to Mr Steve Percy, head of BP Finance: "The origins of our current funding philosophy lie in a *financial strategy* created in 1985 when we looked at the parameters which were applicable to BP."

The result was a decision to fund the company mainly in dollars and set up a series of ratios to guide the finance department, from which it can deviate if it sees chances to provide value for shareholders.

This has affected its borrowing programme. Since 1985, BP has been to the capital markets nearly 70 times. The $7.7bn of funds raised were either in or swapped into dollars.

BP's borrowings currently total $13bn, of which about $3bn is in short-term debt dominated by a single US commercial paper programme. That is outside BP's target ratio of 80:20 for long-term to short-term debt, but Mr Percy says this is mainly because of acquisitions: "Short-term debt is the shock-absorber we use to control the ebbs and flows of the business."

It was also decided in 1985 that the exposure to debt within BP's overall capital structure should remain in a "comfort zone" of between 30 per cent and 40 per cent. That translates to around 6.5 times the group's average internal cash generation.

DEBT ISSUES SINCE 1985 ($BN)

Eurodollar	$1.67
Yankee straights	2.05
Euro sterling	0.42
Euro A$	0.275
Euro NZ$	0.175
Dual currency	0.20
Ecu	0.125
Singapore $	0.02
Total	*6.71*

Principal amounts raised. Excludes Standard Oil issues

However, Mr Peter Smyth, head of corporate finance, says: "We're willing to stretch that where there is the discipline to restore it. We call these calculated deviations for value. For example, we are still pulling it back after our $7.6bn Standard Oil minority purchase in 1987."

The ratio peaked in the first quarter last year at about 50 per cent, and is now back to roughly 42 per cent. "We're getting back towards a flat debt book," says Mr Smyth, "so that funding is currently out of internal cash flows."

To hold the book flat, BP will have to tap the market when existing debts mature. The group's ideal average maturity for its debt portfolio is 10 years, but the actual figure is now about nine years. Mr Smyth estimates that over 1991-93, BP will need to raise up to $3bn to refinance maturing debt.

This makes the group one of the few potential corporate users of the new global bond structure – allowing issues to be launched simultaneously worldwide – which has become fashionable for large borrowers.

Mr Smyth thinks the Eurobond market is accepting US-style registered bonds more readily than it did in the past, but questions whether the global structure has proved that it offers a cost/liquidity advantage.

However, it is BP's use of aggressive liability management that is giving it a reputation for sophistication. "Around one year ago we decided to become more systematic and pro-active in our interest rate exposure management," says Mr Andrew Mackenzie, a capital markets executive.

That allowed BP to decide when to tap the markets without worrying about interest rates on the new issues. The group's debt is evaluated as a portfolio requiring exposure management.

The motive was simple – "to lower the cost of debt," says Mr Smyth. "By actively managing our debt book, we can translate performance into a positive impact on our current earnings."

This philosophy and its huge dollar portfolio have made BP an active and sophisticated user of the swaps market. Mr Smyth says the favoured instrument has been the plain-vanilla dollar interest-rate swap, but other swap and derivative strategies are considered.

In the last year alone, to change the group's mix of fixed and floating-rate debt BP has used more than $1bn worth of swaps, mostly small transactions.

So how does it control its huge swaps book? First, BP has a policy of stringent credit controls, entering into swaps only with counterparties of similar or better credit standing. It is worried about the deterioration of credit quality in the banking market, which it says is drying up the pool of counterparties.

Second, by relying on several, small deals, BP reduces its exposure to interest rates on a single date and spreads its risk. If it wants to change its view, it tries to terminate existing swaps rather than write new ones. "We look to pay out the weakest counterparties first," says Mr Mackenzie.

Third, it runs a complex in-house swaps database which monitors the swaps book. It is currently being upgraded to allow the eventual marking to market of the book every day.

This adds up to what BP Finance officials say is the group's distinguishing feature. "Because of our ability to buy and sell our debt exposure, we no longer regard fixed-rate bonds as low risk," says Mr Smyth.

He cites the tendency for borrowers to think that fixed-rate debt has a fixed cost. "This is only really true if you look at that debt over the term of its life."

Over a shorter term, borrowers can give up or incur considerable gains and losses. But developments such as growth of the swaps market mean that such gains and losses can be realised, driving down the cost of a debt portfolio.

As a sophisticated user of the debt markets, BP takes care to guard its relationship with the international rating agencies. Mr Percy confirms that there is a direct link between BP's rating and its cost of funds. When the group was recently upgraded by Moody's, the spreads against Treasuries of its existing debt tightened noticeably.

Unfortunately for the ratings analysts, BP plans to make its use of the markets more complex. Finance officers are looking at possible trading strategies for other exposures.

For example, Mr Mackenzie is studying the implied volatility of BP's numerous callable bonds to see if value can be added by management using options theory. However, there are obstacles to increased use of derivatives, most of them regulation and tax-driven.

Another possibility is the introduction of currency management as a supplement to BP's dollar activities. Where the group does have local currency operations, it might leave local debts neither swapped nor hedged if it thought the dollar would be strong.

Eurofima makes two issues as part of SFr3bn funding for 1990

By Tracy Corrigan

EUROFIMA, the European rolling stock financing agency, launched two issues in lire and Australian dollars, as part of its SFr3bn funding programme this year.

Its L200bn five-year offering provides the agency with fresh funds, while its short-dated Australian dollar offering is a refinancing of existing debt.

INTERNATIONAL BONDS

Last year, Swiss-based Eurofima brought SFr4bn equivalent of bond issues, of which SFr1bn represented refinancings of existing debt rather than fresh funds. This year, the target is again about SFr3bn of fresh money, of which Eurofima has already raised SFr1.8bn.

The agency is unlikely to refinance much debt this year by exercising call options, because the less favourable interest rate environment means that it is hard to replace existing debt at better terms, an official said.

The current environment has also forced Eurofima, along with other borrowers, to lower its historical funding target of 50 basis points below the dollar London interbank offered rate.

The official noted that the lira market is virtually the only sector where Eurofima can currently achieve very attractive funding levels. Some of the L200bn offering will be kept in fixed-rate lire, while the rest of the issue is swapped into different currencies, according to the needs of the various rail networks Eurofima serves.

The Australian dollar refinancing is swapped into floating-rate dollars.

The A$75m issue of 15 per cent two-year bonds met firm demand from retail investors, enticed by the high interest rates available at the short end of the market, due to the Australian market's sharply inverted yield curve. The issue was quoted at less 1.20 bid, within fees of 1¼ points, according to lead manager Bankers Trust International.

Despite a rather aggressive pricing, the L200bn issue of 12⅛ per cent five-year bonds via Banco di Roma was buoyed by favourable conditions in the Italian market.

Falling inflation and high nominal interest rates there mean that real returns are among the highest in Europe. Speculation that rates may be cut is encouraging some investors to lock in high yields. However, the heavy borrowing requirement of the Italian government means there will be no lack of supply.

The issue was quoted on full fees, at less 1¾ bid.

Banca Commerciale Italiana, the largest Italian bank in terms of assets, joined the growing ranks of European banks which have issued subordinated variable-rate debt, as a means of increasing their high-ranking capital to meet BIS capital adequacy requirements.

BCI brought a $200m offering of 10-year subordinated variable-rate depositary receipts, through the Law Debenture Trust. Merrill Lynch is lead manager.

Meanwhile, Top-Danmark, the Danish financial services company which tapped the Swiss bond market on Wednesday, brought a DM200m issue of 9 per cent five-year bonds. This was its first issue denominated in D-Marks, and had been increased from an initial DM150m.

It was quoted comfortably within 2 point fees at less 1½ bid, having fallen back after the increase.

● Swiss Bank Corporation has launched a two-year issue of 400,000 call warrants on a basket of Swiss bank shares. One hundred warrants can be exercised into one Swiss bank basket, containing three Crédit Suisse Holding shares, 25 Swiss Bank Corporation shares and two Union Bank of Switzerland shares.

Prices of these shares yesterday were, respectively, SFr2,450, SFr322 and SFr3,670. SBC said that the issue, increased from an initial size of 250,000 warrants, met firm demand, particularly in the UK. Each warrant is priced at $41, and the exercise price per basket is SFr20,700, which represents a premium of 14.91 per cent.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
LIRE						
Eurofima(a)♦	200bn	12⅛	101.35	1995	1¾/1⅛	Banco di Roma
US DOLLARS						
Banca Comm.Italiana(b)♣♦	200	(b)	100	2000	n/a	Merrill Lynch Int.
D-MARKS						
Top-Danmark A/S(a)♦	200	9	101	1995	2/1¼	Deutsche Bank
STERLING						
Fuji Int. Finance(HK)(c)‡♦	80	-35bp	100.20	1994	20/10bp	Fuji Int. Finance
AUSTRALIAN DOLLARS						
Eurofima(a)♦	75	15	102	1992	1¼/⅞	Bankers Trust Int.

‡Floating rate notes. ♣Variable rate depositary receipts. ♦Final terms. a) Non-callable. b) Initial coupon pays 25bp over 3-month Libor, with alternative margins of 50bp and 62½bp over 3-month Libor in years one to five and years six to 10 respectively. c) Coupon pays first three months 35bp under one-month Libor, thereafter 35bp under 3-month Libor. Put on any interest payment date.

EIB aims to borrow 10% more this year

EUROPEAN Investment Bank (EIB) plans to increase the amount of money it raises on international capital markets by around 10 per cent this year, Reuter reports from Luxembourg.

Mr Ernst-Guenther Broeder, president, said a rise on this scale would put EIB borrowings at nearly Ecu10bn. In 1989 borrowings rose 18 per cent.

The increased borrowings would partly fund a rise of about 20 per cent in EIB lending in 1990, Mr Broeder said.

EIB, the development lending bank of the European Community, borrowed Ecu9bn on world capital markets last year, including Ecu7.8bn through fixed or variable rate public loan issues, and Ecu1bn from private placements.

The rest was mainly commercial paper and Ecu-denominated certificates of deposit.

Asked about market concern that there might be fierce competition for funds on capital markets as a result of German unification and the demands of eastern Europe, Mr Broeder said: "It is not a problem."

There was strong demand for EIB issues and the bank always tried to diversify borrowings, he added.

Should there be problems in one market, Mr Broeder said the EIB could shift to raising more of its funds in a different market, or private placements.

Mr Broeder said the percentage rise in borrowing would be less than the rise in EIB lending because the bank could draw on its reserves, which were about Ecu6bn at the end of 1989.

The EIB recently doubled its capital to prepare for growing loan demand and for the first time used some special reserves to fund the paid-in capital for the increase.

It plans to step up lending to eastern Europe and has announced its first project loan to the region which is to help Hungary upgrade its electricity grid.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday July 5 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Jul 4 Index No.	Tue Jul 3 Index No.	Mon Jul 2 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (196)	875.02	-1.1	13.22	5.31	9.23	19.75	884.90	897.43	899.78	959.67
2 Building Materials (26)	1107.22	-1.5	13.83	5.44	8.93	27.29	1124.50	1141.48	1154.15	1180.20
3 Contracting, Construction (36)	1427.03	-0.8	16.66	5.76	7.81	34.92	1438.73	1457.54	1477.32	1622.61
4 Electricals (10)	2473.11	-1.1	11.62	5.38	10.59	61.43	2499.89	2515.45	2531.44	2818.65
5 Electronics (26)	1806.62	-1.0	10.45	4.46	12.46	26.12	1825.33	1852.66	1817.05	2196.28
6 Engineering-Aerospace (8)	468.39	-0.3	13.84	5.02	8.61	9.54	469.63	474.52	475.69	0.00
7 Engineering-General (46)	490.04	-0.8	11.99	5.21	10.09	10.10	493.80	496.90	498.48	0.00
8 Metals and Metal Forming (6)	477.53	-2.7	24.39	7.04	4.98	16.45	490.56	495.64	500.85	513.59
9 Motors (14)	364.54	-1.5	15.25	6.31	7.64	9.81	369.92	375.69	376.90	326.92
10 Other Industrial Materials (24)	1565.24	-0.9	11.21	5.14	10.30	36.58	1580.13	1611.53	1619.67	1644.39
21 CONSUMER GROUP (178)	1295.54	-1.3	9.40	3.90	13.13	20.52	1312.46	1319.07	1320.45	1240.70
22 Brewers and Distillers (22)	1604.49	-0.7	9.49	3.63	12.65	23.38	1616.21	1623.32	1620.67	1357.70
25 Food Manufacturing (20)	1104.28	-0.9	10.38	4.34	11.93	19.91	1114.08	1119.26	1120.80	1127.76
26 Food Retailing (16)	2500.06	-1.8	9.27	3.29	13.81	33.61	2545.42	2551.37	2542.48	2377.14
27 Health and Household (15)	2532.00	-1.4	6.79	2.74	17.51	25.10	2566.86	2597.01	2600.94	2223.40
29 Leisure (32)	1486.41	-1.2	9.82	4.15	12.39	24.42	1504.56	1515.34	1518.68	1654.70
31 Packaging & Paper (12)	605.45	-0.2	10.96	5.67	11.25	12.94	606.76	607.79	607.23	567.81
32 Publishing & Printing (16)	3542.18	-1.2	10.17	5.21	12.29	81.93	3583.78	3593.35	3559.50	3539.81
34 Stores (34)	788.24	-2.1	11.27	4.75	11.42	15.80	805.00	803.60	813.78	817.37
35 Textiles (11)	496.17	-2.5	12.41	7.25	10.17	18.26	508.90	511.55	504.64	541.61
40 OTHER GROUPS (106)	1188.22	-0.9	10.95	4.99	11.00	17.19	1198.87	1207.23	1205.66	1114.32
41 Agencies (17)	1715.69	-0.7	5.80	2.22	20.88	15.27	1727.33	1735.87	1715.64	1352.53
42 Chemicals (23)	1267.90	-0.7	11.12	5.23	10.52	31.39	1277.12	1287.12	1291.06	1260.73
43 Conglomerates (15)	1623.26	-1.9	10.58	6.14	11.33	31.95	1654.37	1669.67	1690.22	1661.26
44 Transport (13)	2278.57	-0.4	10.78	4.52	11.77	47.77	2287.80	2312.52	2311.05	2458.54
46 Telephone Networks(2)	1246.03	-0.7	10.77	4.52	12.08	3.78	1254.99	1267.06	1241.96	1060.83
47 Water(10)	1955.03	-0.9	16.41	6.93	6.82	0.00	1972.82	1956.75	1958.83	0.00
48 Miscellaneous (26)	1806.96	-0.5	12.08	4.96	9.44	37.62	1816.16	1823.17	1841.31	1669.91
49 INDUSTRIAL GROUP (480)	1169.17	-1.1	10.81	4.58	11.30	19.89	1182.43	1191.68	1192.50	1152.33
51 Oil & Gas (20)	2283.85	-0.6	12.33	5.40	10.71	46.50	2298.27	2297.91	2296.01	2095.70
59 500 SHARE INDEX (500)	1262.91	-1.1	11.01	4.69	11.21	22.08	1276.36	1284.96	1285.58	1232.25
61 FINANCIAL GROUP (108)	797.20	-0.5	-	5.74	-	21.09	800.97	803.35	805.62	730.41
62 Banks (9)	837.00	+0.8	19.57	6.45	6.69	25.62	830.01	830.95	833.18	710.92
65 Insurance (Life) (7)	1446.46	-2.0	-	5.08	-	36.94	1476.46	1483.59	1504.49	1082.96
66 Insurance (Composite) (6)	691.96	-1.3	-	5.98	-	19.43	701.18	707.45	709.78	573.99
67 Insurance (Brokers) (8)	987.99	-2.0	8.78	6.51	15.01	31.64	1008.38	1016.66	1016.15	954.97
68 Merchant Banks (7)	437.98	-0.3	-	4.63	-	10.76	439.43	438.87	437.86	332.70
69 Property (47)	1104.19	-0.9	7.98	4.27	16.05	19.54	1114.71	1113.20	1107.72	1312.57
70 Other Financial (24)	289.12	-0.7	10.68	6.76	12.16	7.47	291.26	293.02	294.99	362.19
71 Investment Trusts (67)	1206.86	-0.7	-	3.23	-	15.35	1215.91	1222.50	1225.16	1158.90
91 Overseas Traders (5)	1459.88	-0.5	9.65	6.26	12.38	44.49	1467.74	1479.49	1456.62	1336.27
99 ALL-SHARE INDEX (680)	1151.07	-1.0	-	4.81	-	21.57	1162.19	1169.35	1170.25	1110.00

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 4	Jul 3	Jul 2	Jun 29	Jun 28	Year ago
FT-SE 100 SHARE INDEX‡	2331.4	-24.1	2352.2	2327.8	2355.5	2371.7	2372.0	2374.6	2355.7	2161.2

FIXED INTEREST

PRICE INDICES	Thu Jul 5	Day's change %	Wed Jul 4	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	115.50	-0.18	115.71	-	6.53
2 5-15 years	120.89	-0.75	121.81	-	6.91
3 Over 15 years	123.89	-0.97	125.10	-	6.15
4 Irredeemables	142.46	-0.16	142.68	-	7.35
5 All stocks	121.15	-0.57	121.84	-	6.79
Index-Linked					
6 Up to 5 years	146.53	-0.04	146.59	-	1.49
7 Over 5 years	137.23	-0.35	137.71	-	2.03
8 All stocks	137.82	-0.32	138.26	-	1.99
9 Debentures & Loans	100.88	+0.05	100.82	-	6.11
10 Preference	74.77	+0.03	74.75	-	3.45

AVERAGE GROSS REDEMPTION YIELDS		Thu Jul 5	Wed Jul 4	Year ago (approx.)
British Government				
1 Low	5 years	10.79	10.74	9.98
2 Coupons	15 years	10.78	10.73	9.41
3	25 years	10.78	10.73	9.24
4 Medium	5 years	12.20	12.05	10.83
5 Coupons	15 years	11.41	11.26	9.88
6	25 years	11.03	10.91	9.45
7 High	5 years	12.28	12.15	10.95
8 Coupons	15 years	11.63	11.50	10.10
9	25 years	11.25	11.14	9.64
10 Irredeemables†		10.77	10.75	9.27
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	5.38	5.35	3.73
12 Inflation rate 5%	Over 5 yrs.	4.26	4.24	3.68
13 Inflation rate 10%	Up to 5yrs.	4.32	4.28	2.97
14 Inflation rate 10%	Over 5 yrs.	4.09	4.06	3.51
15 Debs &	5 years	13.94	13.94	12.49
16 Loans	15 years	12.82	12.82	11.73
17	25 years	12.49	12.50	11.31
18 Preference†		12.33	12.33	10.32

‡Opening index 2352.2; 9 am 2344.2; 10 am 2342.5; 11 am 2343.7; Noon 2344.0; 1 pm 2336.7; 2 pm 2336.3; 3 pm 2328.4; 4 pm 2329.8; 4.10 pm 2330.0; (a) (b) † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	84	14
Corporations, Dominion and Foreign Bonds	0	7	16
Industrials	174	502	902
Financial and Properties	73	232	434
Oils	13	33	42
Plantations	0	0	10
Mines	27	34	104
Others	38	52	148
Totals	326	944	1,670

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	131	110	ABI Leisure 10p	131		R4.7	3.3	4.8	8.6
50	F.P.	-	49	47	EFM Java Trust	49		-	-	-	-
-	F.P.	-	26	18	Do. Warrants	26		-	-	-	-
-	F.P.	-	46	28	First Pallgne. Inv. Tst.	31		-	-	-	-
-	F.P.	-	22	10	Do Warrants	11	+1	-	-	-	-
-	F.P.	-	14	6	Fisher (Albert) Wrrts.	8	-1	-	-	-	-
500	F.P.	-	100	95	French Property Tst	99		-	-	-	-
-	F.P.	-	39	32	Do. Warrants	38		-	-	-	-
§81	F.P.	-	88	83	Intrum Justitia 10p	84	-1	u1.75	2.5	2.8	13.9
100	F.P.	-	98	95	Jupiter Euro Inv. Tst.	98		-	-	-	-
-	F.P.	-	38	35	Do Warrants	38		-	-	-	-
§108	F.P.	-	116	114	♦Levercrest 5p	114		R4.05	2.4	4.7	9.2
-	F.P.	-	44	35	Lucas Inds. Warrnts	37	-2	-	-	-	-
§77	F.P.	-	85	77	M & W 10p	83	-1	R2.2	2.9	3.5	9.3
-	F.P.	-	31	21	Paribas French B Wrrnts	28	+2	-	-	-	-
120	F.P.	-	130	100	Pittencrieff 10p	125		L2.3	1.8	2.5	16.0
§84	F.P.	-	96	84	♦Proteus Intl.	91	-1	-	-	-	-
§100	F.P.	-	102	95	Siam Select. Growth Tst.	102		-	-	-	-
-	F.P.	-	38	30	Do. Warrants	38		-	-	-	-
-	F.P.	-	43	35	Southend Prop Wrrnts	38	-5	-	-	-	-
†	F.P.	-	215	200	Wiggins Teape Appleton	205	-1	s8.35	2.0	5.4	10.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
101.73	F.P.	-	102¼	102	Anglian Water 5⅛pc Index-Lnk Ln 2008	102	-¼
100p	Nil	-	2pm	1pm	BICC Cap Fin 10.75pc Cv Cap Bds 2020	1¼pm	-½
100	F.P.	-	101	90	♦Bluebird Toys 12pc Cv. Uns. Ln. 2005	95	
♦	F.P.	-	87p	81p	European Leisure 8.75p (Net) Cv Rd Pf	81p	-2
100p	F.P.	-	115p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	114p	-½
100p	25p	-	46½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	41½p	-2
100p	F.P.	-	105p	95p	Wyndham Group 9.375pc Cm.Pf	96p	+1
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	45p	-3

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
390	Nil	-	118pm	113pm	Attwoods	118pm	+1
10	Nil	-	½pm	½pm	*Caldwell Inv. 10p	½pm	
335	Nil	-	73pm	27pm	Cater Allen Hldgs. £1	27pm	-5
58	Nil	-	5pm	3pm	♦Expedier Leisure	3pm	
37	Nil	-	4pm	2pm	♦Northumbrian Fine Foods	2pm	
220	Nil	-	31pm	7pm	Ratners	10pm	-5

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e - also based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

● First Dealings July 2
● Last Dealings July 13
● Last Declarations Oct. 4
● For settlement Oct. 15

For rate indications see end of London Share Service

Calls in Aaronson Bros., Burton, Berisford Intl., Cityvision and Midland Bank. Puts in Kelson and Berisford Intl.

LONDON TRADED OPTIONS

CONCERN about high UK interest rates and a decline in US shares kept the futures market on the defensive yesterday, while in the options market trading was sluggish as the lower level of equity turnover continued to discourage investors.

The futures market spent most of the day trying to influence the cash market but ended up following it. During the morning the market moved slightly lower. But any chance of a recovery was snuffed out after Mr John Major, the Chancellor, said interest rates would have to remain high. The bears were also encouraged by an early sharp fall on Wall Street.

The September FT-SE 100 index's lead over the cash index narrowed again, indicating that the futures market has become less optimistic about the direction of equities.

September FT-SE closed at 2,393, down 31 points. Its premium over cash narrowed to 63 points from 69, just above fair value. Turnover amounted to 4,480 contracts, a considerable improvement on the previous session.

Trading in the options market remained depressed by the low level of equity volume and lack of incentives for investors. The stock-market decline encouraged some put buying in the FT-SE index and in several leading stocks. But overall levels of turnover remained low and left brokers wondering when business could pick-up, particularly with the slow summer period ahead.

A total of 26,440 contracts changed hands, up slightly from Wednesday. Yesterday's total was divided between 11,870 calls and 14,570 puts.

The FT-SE Index option traded 4,467 lots, little changed on the day. Yesterday's total was made up of 1,495 calls and 2,972 puts. The July 2,400 put series was the busiest, trading 700 lots.

Hanson was the busiest stock option, boosted by a large bearish trade. Tullett & Tokyo bought 1,500 Hanson August 260 puts at 30 and 31p. This trade depressed the underlying equities, which closed 6¼ lower at 226¼p.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*491)	460	36	58	72	2	8	13
	500	7	31	46	14	23	28
	550	2	12	24	62	63	64
ASDA (*114)	100	17	19	23	1	4	6
	110	8	12	18	3	7	9
	120	3	7½	13	8	12	14
Brit. Airways (*209)	180	30	38	42	1	2	4
	200	11	21	38	2½	6½	9
	220	1½	10	18	14	16	18
[illegible]							

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Utd. Biscuits (*356)	330	29	40	53	2	8	11
	360	7	21	32	10	18	21
	390	2½	10	20	36	37	40
Unilever (*687)	650	41¼	68	89	2¼	9	15
	700	6½	32¼	56½	18½	26½	33¼
	750	2	13	33¼	63¼	65	67½
Ultramar (*339)	300	43	55	65	2	4	7
	330	16	32	45	5	14	17
	360	3	16	30	25	27	30
[illegible]							

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*208)	200	18	24	29	6	9	11
	220	8	13	18	17	19	21
Amstrad (*69)	60	13	16	18	2	3½	4½
	70	6½	9½	13	6	7½	8½
Barclays (*391)	390	-	-	45	-	-	26
	393	18	32	-	18	20	-
[illegible]							

UK COMPANY NEWS

Southern Water makes £60m

By Clare Pearson

SOUTHERN WATER yesterday emerged as one of the water companies hardest hit by the drought when it said that in spite of taking measures to maintain supply it had been forced to impose a hosepipe ban in Kent and parts of Sussex.

Mr William Courtney, chairman, said that if the dry weather persisted Southern expected to spend close to last year's £500,000 on short-term works to maximise borehole supplies and improve distribution. A similar ban on hosepipes was imposed from May to February.

But Mr Courtney was also able to report, along with results for the last financial year, encouraging progress on investment to meet European Community water standards.

Commissioning trials at a Worthing wastewater plant were indicating compliance with the EC bathing beach directive would be achieved with capital expenditure well below that originally forecast and within a much reduced timetable.

He said Southern was now "looking at more economical solutions, which usually means they can be achieved more quickly." These had already helped the company complete investment work last year at a cost of £126m, below that forecast in the flotation prospectus last November.

However, the bulk of the 5 per cent saving came from the decline in housing starts in the region, causing deferment of planned new developments.

Capital expenditure this year is expected to be about the same as last year.

Southern's pre-tax profits for the year to end-March came to £60.1m, 5 per cent higher than promised. On a pro forma basis, the figure stood at £84.1m, against the £81m forecast. Pro forma earnings per share were 46.4p, 4 per cent ahead of forecast, but the recommended dividend of 10.02p was as promised.

The construction of extra reservoirs to combat Southern's water resource problem forms an important part of its long-term capital programme.

Mr Courtney said he saw considerable opportunities for the six "enterprise" subsidiary companies which had been created from aspects of the core business – such as plumbing and laboratory services. The joint venture with Saur (UK), Stalwart Environmental Services, had been tendering for local authority refuse collection and cleansing contracts.

Turnover was £225.8m (£204.1m).

● Southern's dividend yesterday marked the final announcement from the 10 water companies. Accordingly, it was also announced that a net dividend of £103.23 on the package of shares in all the companies, tradeable until July next year, is being recommended.

● COMMENT

With these figures, Southern wrapped up the reporting season for the 10 water companies. Like all the others, it has comfortably exceeded its flotation profits forecast and appears to have made a good start on its capital expenditure programme. It is suffering more from low water supplies than the others, but the relatively insignificant figure it put on the cost of the drought only went to show how much that factor can be overplayed. How the companies handle their expenditure programmes is of course the key to their success. For this reason, some water followers do not favour Southern: it has the smallest programme, and therefore the most scope for developing non-core activities in the short-term. Therefore, it among the riskier bets. Southern is expected to make pre-tax profits of about £85m this year; the shares prospectively yield nearly 8 per cent, but there is better value elsewhere in the sector.

Coal funds have 45% of Globe

By Nikki Tait

WITH TWO trading days to go in the £1.11bn battle for control of Globe Investment Trust, the bidder – the British Coal pension funds – edged marginally closer to their target yesterday.

BCPF announced that, as a result of Wednesday's purchases, they owned 44.29 per cent of the target shares. And by yesterday's close, Topic screens showed trading volume of another 3.9m Globe shares, with a further 1m logged on the overnight "ticker". This means that the BCPF stake probably stands at about the 45 per cent mark. It may also have a modest number of acceptances; the last declared figure stood at 1.5 per cent of the equity.

Yesterday's trading volume, however, was well below the 11m shares which Seaq recorded on Wednesday, while the general absence of rule 8 disclosures suggested that none of the major shareholders has sold out to date.

Anglian digests plant supplier

By Clare Pearson

ANGLIAN Water yesterday announced it was paying up to £7.8m to acquire Farm Gas, a supplier of anaerobic digestion plants used in treating sewage sludge, abattoir waste and farm slurry.

The initial consideration is £5.8m but there may be further profit-related payments of up to £2m over the period to end-March 1994, the directors stated.

The consideration is to be satisfied by a mixture of cash and loan notes convertible into Anglian ordinary shares on various dates beginning September 30 1991.

Farm Gas net assets amounted to £448,866 at end-August 1989.

The management shareholders have warranted that pre-tax profits for the year ended August 1991 will be not less than £400,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Berisford Intl ....int	nil	-	1.8	-	6.2
BS Group ....fin	nil	-	2	nil	2
Buckingham Intl ....int	0.5	Sept 3	nil	-	1.6
Burtonwood ....fin	3.28	-	2.85	3.98	3.55
Daejan ....fin	15	Sept 5	14	23	22
First Technology ....fin	6†	Sept 14	5	9	7.5
Fleming American..........int	0.5	Aug 13	0.5	-	1.5
Lees (John J) ....fin	1.25	-	1.25	2	2
Leslie Wise ....int	1.75	Oct 1	1.5	-	3.5
Norton Group ....fin	0.6	-	-	0.6	0.47
Rowe Evans Inv ....fin	2☆	Aug 24	2	2	2
Southern Water ....fin	10.02	Oct 1	-	-	-
Stewart & Wight ....fin	90	-	75	90	75
Tiphook ....fin	6.5	-	4.85	12.305‡	7

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Trilion.

Finals- Fuller Smith & Turner, Ivory & Sime, Palmerston Hldgs, Real Time Control.

FUTURE DATES

Interims-	
Aaronson Bros	July 13
Bensons Crisps	July 24
Cardiff Property	July 11
Company of Designers	July 9
Dewey Warren	July 13
Equity Consort Inv Trust	July 10
Microgen	July 18
Selective Assets Trust	July 19
Temple Bar Inv. Trust	July 23
Tilley Intl	July 18
Finals-	
Barbour Index	July 11
Control Securities	July 11
Fleming Overseas Inv Tst	July 10
Gibbon Lyons	July 10
Ransom (William)	July 12

Babcock extending cross border alliances

By Charles Leadbeater, Industrial Editor

BABCOCK International is negotiating a series of alliances with other power generation companies in the wake of a string of cross-border deals in the sector in the past year.

The company's annual report published yesterday, the first since Babcock was demerged last August from the FKI group, says "strategic alliances in the energy sector are being negotiated with European and US companies."

The disclosure fuels speculation of a possible alliance with Siemens, the West German engineering and electronics group.

Babcock is supplying the waste-heat recycling boilers for the 900MW power station Siemens is building at Killingholme, Humberside, for PowerGen, one of the successor companies to the CEGB.

It is thought that the relationship the two companies have established over the Killingholme order could be the catalyst for wider collaboration.

Following a series of cross-border ventures formed in the last two years, such as the alliance between the General Electric Company and Alsthom of France, Siemens is thought to be keen to establish a relationship with another company in the energy sector.

Babcock International signalled its intention to form international joint ventures earlier this year through its joint marketing agreement with Alström Pyropower, the Californian manufacturer of clean, coal burning power plants in the 50-200MW range.

The company is also considering expanding its manufacturing site at Renfrew in Scotland, possibly by building a pilot plant where new products could be tested. The annual report says the group is seeking acquisitions to add to its construction and process plant contracting division, which will be expanded with the establishment of a centre in north-east England.

The report shows that Lord King, the chairman of Babcock and , also of British Airways, where he has been criticised for the scale of his pay increases, was paid £165,132.

Mr Oliver Whitehead, Babcock's chief executive was paid £180,842, with share options worth more than £750,000.

Lord King, in his statement as chairman, confirmed that the facilities management division was negotiating for the contract to run the Government's atomic weapons activities, principally at Aldermaston in Berkshire. The group is also exploring opportunities for further dockyard management contracts overseas.

The report says that Babcock Thorn, the joint venture with Thorn-EMI to manage the Rosyth naval dockyard continued to improve its performance in spite of significant changes to naval programmes.

Ferranti gets time for refinancing talks

By Michael Skapinker

FERRANTI International, the electronics company, has received a one-month extension from the underwriters of a proposed £62.38m loan stock issue.

The extension, until the end of August, is to allow the group to reach agreement with its bankers on a new refinancing package.

The loan stock issue was proposed earlier this year to enable Ferranti to meet cash generation targets set by its bankers.

The creation of the loan stock would need the agreement of an extraordinary general meeting.

Mr Eugene Anderson, chairman, said last month that he was discussing a new financing package with the group's bankers which would assist it in paying suppliers and meeting future redundancy costs.

He said that the reduction in the number of Ferranti divisions from five to three would provide considerable scope for rationalisation.

The need for fresh finance became necessary when the group discovered last year that it had fallen victim to a alleged £215m fraud involving International Signal and Control, its US subsidiary. Ferranti has already raised more than £400m from the disposal of assets, including the sale of its defence systems group to GEC.

Trevor Humphries

Sclater cuts out the dash at Berisford

By Clare Pearson

MR JOHN SCLATER, who took over the executive chairmanship of Berisford International in March, could hardly cut a figure more different from that of his predecessor, Mr Ephraim Margulies.

Gone are the days when Berisford was an expanding trading group and when it was impossible to mention Berisford's name without conjuring images of the flamboyant, bulky figure of "Marg", now in his mid-sixties.

Instead Mr Sclater projects a reserved and more decorous image which was on full display yesterday as he sombrely announced the sugar and property group's grim interim results.

It has fallen to Mr Sclater, 49, previously a behind-the-scenes non-executive, to take control during this dismal period of the company's history as it seeks to unbundle the collection of businesses put together under the old management.

A number of members of "Marg's" old team remain, notably Mr Peter Jacobs, chief executive; and two divisional directors from the foods side of the business, Mr Peter Jackson and Mr Peter Butler, have moved up to the board.

However, Mr Sclater has also recruited people. As non-executives, these are Sir John Egan, chief executive of BAA, and Mr Brian Smith, former chairman of MB Group, the building products and security printing company with interests in packaging.

In the latest Berisford appointment, announced a week ago, Mr Murray Stuart, also from MB Group, is to become finance director in the place of Mr Philip Aeronberg.

The task ahead of them is daunting. Berisford yesterday announced pre-tax profits for the half-year to end-March of £21.4m (£36.4m). But after provisions and write-offs there was a loss of £144.5m (£17.7m).

NEWS DIGEST

Burtonwood 13% ahead to £4.2m

BURTONWOOD Brewery, Cheshire-based brewer, lifted pre-tax profits by 13 per cent from £3.73m to £4.2m in the year to March 31. Turnover rose 14 per cent to £40.28m, against £35.41m.

The chairman said that in difficult trading conditions beer volumes had increased by 5 per cent. He added that the retail trade had expanded during the year and the company had increased the size of its managed-house estate and acquired more off-licences.

A final dividend of 3.28p (2.85p) is proposed, to raise the total for the year to 3.98p (3.55p). Earnings per share worked through at 15p (11.5p) after tax of £1.05m (£1.3m).

Lower property sales hit Daejan

Lower property sales profits left Daejan Holdings, the property investment and trading company, with pre-tax profits £13.16m lower at £19.36m for the year to March 31, compared with £32.52m last time.

The company said that the 1989 results included a pre-tax surplus of £14.7m on the sale of a major investment property. The surplus for the period was £9.55m (£24.44m).

At the end of the period the investment portfolio was valued giving a net surplus of £18.6m which has been incorporated into the accounts. An extraordinary credit this time of £3.38m represented the release of provisions for taxation and interest.

Rent and charges receivable increased from £25.02m to £29.14m. After tax of £6.32m (£11.89m) earnings per share were 79.83p (126.52p). A final dividend of 15p is proposed for a total of 23p (22p).

Recovery as Shield turns in £0.64m

Shield Group, a residential property developer and estate agent which came to the market in October 1988, reported a partial recovery from £64,000 to £640,000 in pre-tax profits for year to March 31 on turnover which halved from £14.75m to £7.35m.

A sharp increase from £713,000 to £1.27m in net interest receivable gave profits a lift but after tax of £309,00 (£24,000) stated losses per share were 3.52p (6.89p earnings). There is no dividend (a reduced payment of 1p per share was made for 1988-89).

Net assets rise at Fleming American

Fleming American Investment Trust had a net asset value of 194.5p at June 30, compared with 189.6p a year earlier.

Net revenue for the half year, after management expenses up from £391,000 to £500,000, an increased interest charge of £740,000 (£691,000) and a slightly reduced tax charge of £485,000 (£487,000), grew from £476,000 to £603,000.

Earnings per share came out at 0.89p (0.69p). The interim dividend is unchanged at 0.5p.

Leslie Wise improves to £2.14m

Leslie Wise, the textile group, raised pre-tax profits by 20 per cent and sales by 38 per cent in the six months to May 31. The profits increase from £1.79m to £2.14m was scored on sales of £19.39m.

The interim dividend is raised to 1.75p (1.5p) on earnings per share of 4.24p (3.7p).

UK COMPANY NEWS

Anglo Utd chief gets 73% rise to £178,342

By Jane Fuller

MR DAVID McErlain, chairman of Anglo United, the fuel distribution group which last year paid £478m for the much larger Coalite Group, has had a 73 per cent pay increase.

His remuneration this year is £178,342, compared with last year's figure of £103,340.

Directors' pay rises have been the subject of government concern.

Last year Mrs Thatcher said some increases appeared to be unjustified and that a better example should be set to employees.

David McErlain: justified his pay rise

Mr McErlain justified his pay rise by saying that the group's pre-tax profit in the year to March rose 130 per cent, that the number of employees had grown from several hundred to several thousand and that, apart from statutory holidays, he was "not sure when I last had time off.

"We have taken over a company 10 times our size with about £60m of new equity and £440m debt. That debt was reduced to £284m between August and March."

Norton accelerates to £0.86m and bikes return to the black

By Graham Deller

NORTON, a quintessential ingredient of the once-dominant British motorcycle industry through its Dominator and Commando machines, is again making profits for its latest owners.

Norton Group, which gained a main market listing last year via the reverse takeover of Minty, yesterday announced that its F1 machine, which retails at close to £13,000, had finally come into full production in May of this year.

Mr Philippe Le Roux, chief executive, said the motorcycle division was now operating profitably and current order books stand at eight months production - and that before the highly-regarded superbike is launched into the lucrative US market.

The announcement accompanied the group's results for the year to April 28 which showed taxable profits accelerating to £858,000 (£324,000).

The main contributor to profits, however, was the rather more staid Pro-Fit US pipe fitting and flange distributor, which performed well in spite of encountering pressure on margins in the second half of the year, reflecting increased competition and the weaker US economy, particularly in the north-east.

In contrast, Norton's rotary engine business moved into the black in the second half following a US Navy contract to supply engines for unmanned aerial vehicles.

Turnover, reflecting the disposal of the Minty furniture business, dipped to £19.09m (£23.33m). Mr Le Roux said that turnover of the two ongoing operating businesses expanded by some 15 per cent to £14.3m.

Earnings per share advanced strongly to 8.1p (2.5p) and the proposed dividend is 0.6p (special interim of 0.47p).

NEWS DIGEST

Rowe Evans declines 9% to £3.3m

LOWER commodity prices for both palm oil and rubber resulted in reduced profits at Rowe Evans Investments in 1989. Before tax the outcome was down 9 per cent from £3.64m to £3.3m on turnover of £3.63m, against £3.32m.

The company has interests in rubber, oil palm and cocoa plantations. Tax was reduced to £884,000 (£1.44m) as the merger in April with Jitra Rubber enabled Rowe Evans to utilise ACT which would otherwise have been written off. This lifted the post-tax profit to £2.42m (£2.21m).

Interest receivable and similar income rose to £691,000 (£345,000), while interest payable was £131,000. There was a £335,000 (£1,000) contribution representing the gain on the sale of fixed asset investments.

Earnings per 10p share rose 13 per cent to 5.4p (4.76p). The dividend is maintained at 2p.

Hotel purchases boost Buckingham

Buckingham International, the hotel, nursing home and tour operator, reported taxable profits 43 per cent ahead at £1.64m in the six months to the end of April, against £1.15m.

The US hotels contributed operating profits of £2.76m but there was the usual seasonal loss in the Channel Islands.

The company, formerly Leisuretime International, said the US result reflected a full contribution from the Premier Group of hotels and two other hotels acquired in spring 1989. Country Care Homes, the nursing home business, made a profit of £250,000 (£310,000).

The pre-tax figure was struck after net interest charges of £248,000, against interest received last time of £307,000. The comparatives also included property disposal surplus of £100,000.

After tax of £328,000 (£325,000) earnings per share amounted to 1.9p (1.61p). There is an interim dividend this time of 0.5p.

Stewart & Wight up 35% to £252,378

Stewart & Wight, the property investment company, yesterday reported a 35 per cent increase from £186,546 to £252,378 in pre-tax profits for the year to end-March.

Rental income rose to £296,777 (£189,329), and there was a nil depreciation charge this time, compared with £745,000. Tax took £90,020 (£69,292) after which earnings per share came out at 206.88p (148.31p). The proposed single dividend is raised to 90p (75p).

Mr Michael Conn, chairman, said a more modest increase was anticipated this year.

BS tumbles £0.48m into the red

BS Group, formerly Bristol Stadium, the greyhound racing promoter which includes property development among its activities, suffered a pre-tax loss of £481,668 in 1989 compared with previous profits of £215,717.

Mr Isidore Kerman, chairman, said that the past 12 months had proved extremely difficult. Since January the housing market had further deteriorated and limited sales of finished stock had been achieved.

All the group's investment and trading companies, except BSG Developments, had continued to increase their profit contribution in difficult circumstances, he said. However, the "very poor performance" of that company had overshadowed those contributions.

Turnover improved to £6.46m (£4.49m). The loss from related companies was £41,973 (£12,762). After tax and minorities losses per share amounted to 19.2p (5.04p earnings). There is no dividend proposed (2p).

UK COMPANY NEWS

Earnings static at 29.4p due to deferred payments on acquisition

First Technology rises to £6.7m

By Nikki Tait

FIRST TECHNOLOGY, the automotive, fire, security and safety systems group, yesterday reported flat earnings for the year to end-April, although pre-tax profits moved ahead from £5.56m to £6.71m.

The company, which fought a long and ultimately unsuccessful battle for control of the Ricardo engineering design group, saw turnover rise by 35 per cent to £41.49m, while operating profits advanced from £5.42m to £6.96m. Overseas sales accounted for three-quarters of the total.

However, deferred profit-related payments on an earlier acquisition helped to create a near-static earnings per share figure of 29.4p (29.1p). Tax took £2.28m (£1.99m).

Undeterred, First Technology is increasing its final dividend from 5p to 6p, making 9p (7.5p) for the year.

Yesterday, it suggested that the disparity between the flat earnings picture and dividend growth reflected the board's "belief in the business." The shares eased 5p to 360p.

During the year, four companies were acquired, again on an "earnout" basis. These were: Alderson Research Laboratories, which makes crash dummies; Ampro, a Detroit-based specialist staff agency; Palcon, which supplies environmental control and warning systems; and Fleming, a UK engineering consultancy.

Significant relocation of businesses also took place, with the UK sensor design and production operation moving to Farnborough and ARL shifting to Detroit.

The company said it saw "a weakening in some key sectors" during the second half, notably the US new car market which was particularly depressed around the turn of the year.

GM, for example, postponed its "active suspension Corvette" sports car, where First Technology had been specified as sole supplier for certain electronic sensors.

The figures suffer from a £242,000 interest charge, against £321,000 earned last time. Gearing is running at around 20 per cent.

Capital expenditure totalled about £4m last year. A somewhat lower figure is expected in the current trading period.

● COMMENT

First Technology has already undergone quite a rerating – the shares have fallen from a high of 520p in June 1989 – and the question is whether this process has finished. The company, and some of its City followers, are apt to focus on the longer-term prospects. Moves towards what the chairman terms "the user-friendly, greener car", coupled with rising safety standards, imply a growth market for First Technology's products. Be that as it may, matters are not so pretty short-term. The slump in the US car market has hurt, and there have been pressures on the design side in Europe. Relocating three businesses proved costly (although the company does not quantify the sums) and concentration of the dummies business in Detroit has yet to be completed. The balance sheet, meanwhile, seems to have swung from having net cash of some £2m in April 1989 to net debt of about £3m, a move partly explained by the purchase of two freeholds in Detroit for about $5.5m (£3.1m). If forecasts of about £8m-£8.5m pre-tax for the current year are correct, the shares are on a multiple of 10-plus times. That is no longer excessive, but the Ricardo saga seems to have tarnished the image and – in the absence of any excitement – the drift may be set to continue.

Trevor Humphries

Tiphook chairman Robert Montague: a happy man

53% advance for Southern Business

Southern Business Group, which leases photocopier and vending machines, increased turnover 55 per cent and pre-tax profit 53 per cent in the six months to March 31 1990.

Mr David McErlain, managing director, said all companies produced record figures and the recent acquisitions, GKW and the business equipment division of Sandhurst Marketing, were fully integrated.

Mr McErlain said forward contracted income increased by 54 per cent on an annual basis to £262m at March 31 and to £282m at June 30.

He referred to the considerable media comment on difficulties encountered by other "leasing type" companies, and said some of the accounting deficiencies of those "have been unfairly levelled at us".

SBG's accounts have been prepared on a consistent basis for the past 12 years, and "are probably the most conservative in the industry" he added.

Turnover came to £20.83m (£13.45m) and profit to £6.32m (£4.21m). Earnings were 6.05p (4.4p) and the interim dividend is raised to 0.94p (0.72p).

Swedes buy 55% stake in NUL

By David Barchard

STOCKHOLM RE, the Swedish reinsurance company, is to buy a 55 per cent stake in National Underwriters (Re-Insurance) Limited (NUL) owned by National Employers Mutual General Insurance Association which became insolvent in May after incurring losses of more than A$200m (£86.2m).

The deal means that Lansforsakringbolagens (LF) Group of Sweden will have a total shareholding of 94.12 per cent in NUL.

NUL is Bermuda-based and handles marine and non-marine business. It has a management and underwriting agreement with Bristol Reinsurance Limited, a wholly-owned subsidiary of the Niarchos Group.

LF Group indicated yesterday that the acquisition of NUL, for an undisclosed amount, was part of the group's global strategy to increase marketing efforts in Scandinavia and Europe and achieve a better territorial spread for its reinsurance portfolio.

Stockholm Re, one of Sweden's largest domestic insurers with a premium volume of £590m in 1989, is already present in the London market with a UK subsidiary which bears its name and is managed by the Victory Group.

F&C launches Latin American trust in Brazilian bank joint venture

By Nikki Tait

A NEW Latin American investment trust is being launched by Foreign & Colonial fund management group in conjunction with Banco de Investimentos Garantia, a private Brazilian bank.

It is the first London-listed trust to specialise in the region overall.

Up to $80m-worth (£45m) of ordinary shares, with warrants attached, are being placed among institutional investors.

F&C said yesterday that $75m-worth had been firmly placed, with its own in-house funds taking about 7.5 per cent of the total – although this may be scaled down.

The trust, which has an initial 15-year life, will be managed by Latin American Securities, a joint venture between F&C and the Brazilian bank. The annual management fee is 1.5 per cent.

The aim is "long term capital appreciation", and the fund will spread its holdings through the major economies in the area.

The proposed initial allocation puts 35 per cent of the fund's assets in Mexico and a similar amount in Brazil; 15 per cent in Chile; and 7.5 per cent each in Argentina and Venezuela.

Battle for SeaCon cost Tiphook £17m

By Andrew Hill

TIPHOOK, the UK container rental company, spent £17m on last year's hostile bid for Sea Containers, roughly half of what the Bermuda-registered container and ferries group spent defending itself.

The bid itself failed, but Tiphook still joined the giants of the global industry when it bought 200,000 dry cargo containers from Sea Containers. The cost of the acquisition was written off against the value of the new assets in Tiphook's balance sheet.

The Sea Containers deal has transformed Tiphook into one of the world's three largest container rental groups – alongside US rivals, Itel and Genstar – and made Mr Robert Montague, Tiphook's chairman, a happy man.

Yesterday he was revelling in the company's success at a press conference in the Savoy Hotel, where Tiphook revealed profits had nearly doubled last year. Analysts reckon profits should at least double during 1990-91.

Mr Montague founded Tiphook in south London 12 years ago with just 150 containers. In 1988-89 he earned £370,000, and, on paper at least, he is £850,000 better off this morning than he was yesterday, and Tiphook's shares jumped 21p to 557p on the results.

UK COMPANY NEWS

Weir launches £29.6m rights to fund acquisitions

By Jane Fuller

WEIR GROUP, the Glasgow-based engineering concern that specialises in pumps and valves, is launching a £29.6m rights issue to fund two acquisitions.

The 1-for-5 issue, at 250p per share, will be mainly devoted to the £30.5m purchase of Strachan & Henshaw from Pembridge Investments, the acquisitions vehicle of Mr Roland Franklin. The sale is part of Pembridge's break-up of DRG, the paper, packaging and engineering group it took over for £697m last November.

Lord Weir, chairman, said Strachan would take his group into a new field – handling equipment for difficult materials, such as nuclear waste. The contractor fitted in with Weir's strategy of being in "specialist engineering products with a high design element".

Strachan last year made pretax profits of £6.66m on sales of £73.81m. Net assets were £8.94m and Lord Weir said a property revaluation would leave residual goodwill of about £15m to be written off against the share premium.

Without the issue the group would have had a considerable goodwill problem, he said.

Lord Weir: Strachan purchase takes group into new field

One bonus is that Strachan comes with £27.5m cash, although much of this was advance payments on contracts. Weir had about £18m in the bank at the year-end.

Lord Weir said the deal would lead to a small dilution of assets per share, but he was confident that the effect on earnings of the two acquisitions would be positive.

The other purchase marks Weir's first manufacturing step in the US. Atwood and Morrill, a valve-maker akin to its Hopkinsons subsidiary, is being acquired for about £8m cash. Its operating profit last year was $2.24m (£1.26m), about 10 per cent of sales, and net assets were $5.7m.

Although about two thirds of Weir's turnover is either made overseas or exported, the chairman said it had so far done little business in the US.

On current trading, a cautious note was sounded on cost inflation. Lord Weir said this was partly to do with the combined effect of pay increases and the shorter working week recently secured by the engineering unions.

It also encompassed rising prices from UK suppliers, reflecting the fact that the country's rate of inflation remained above that faced by export competitors.

Weir's share price slipped 8p to 289p yesterday, giving the group a market value of £175m. Lord Weir said one reason for the rights issue was to secure the status of being a bigger company.

After the issue, underwritten by Morgan Grenfell, the board expects at least to maintain the current rate of dividend. The total paid for 1989 was 8p.

Strong recovery lifts Robt Fleming by 34% to £36.5m

By David Lascelles, Banking Editor

ROBERT FLEMING, the City of London merchant banking and asset management group, staged a strong recovery last year to report a 34 per cent rise in profits.

The group earned £36.5m after tax and transfers to inner reserves in the year ending March 31. This compared with £27.2m for the previous year when Fleming suffered from the delayed after-effects of the 1987 stock market crash, and brings it close to its record level of £37.7m in 1988.

Mr John Manser, group chief executive, said that most parts of the group performed well, some earning record profits. The exception was securities market-making where there was "a marginal loss". That operation had subsequently been closed, and Fleming was concentrating instead on its agency stockbroking and research business. It had just taken on a team from Stock Group, the stockbroking arm of British & Commonwealth.

The business was now evenly divided between asset management, which included Save & Prosper, and banking, including foreign exchange, corporate finance and securities.

The group's international operations also prospered: Jardine Fleming, the 50 per cent-owned joint venture in Hong Kong, earned a record £40m post-tax.

Mr Manser pointed out that the group's net assets had risen 40 per cent to £298m over the last two years. He said this was a clearer indication of the company's improved strength than profits, full details of which Fleming does not disclose.

Total dividend for the year is raised by 17 per cent to 27.5p, with a final of 20p. Fleming is owned by private interests, including staff, and a small number of investment institutions.

Flogas profit worry after errors

By Kieran Cooke in Dublin

FLOGAS, the Irish Republic-based distributor of liquefied petroleum gas and LPG appliances, has warned of a significant reduction in profits following the discovery of certain "accounting errors".

Flogas said yesterday that new information had come to light which would mean pre-tax profits for the year to May 31 would be little changed from the previous year's I£4.17m (£3.8m).

The group, which moved to the main market in May, had been expected to make pre-tax profits of I£5.5m last year, with a figure of I£7.6m predicted for the coming year.

"Accounting errors have been discovered in Flogas' accounts, resulting in an earlier understatement of cost by about I£1.4m," the company said. Mr Eugene Quigley, chief executive, said that the errors related specifically to Flogas operations in the UK.

Overhead costs in the UK had not been fed correctly into the accounts. "The system got out of control, but we now know the problems and are addressing them," said Mr Quigley.

Flogas, formed in 1977, has more than 30 per cent of the Irish LPG market and a 3 per cent share of the UK market. Flogas has been one of the high flyers of the Irish stock market since joining the USM in 1983.

Last year the company successfully completed a rights issue to raise I£10.06m for the I£12.7m takeover of Ergas, a distributor of LPG mainly in Northern Ireland, formerly owned by the Royal Dutch Shell Group.

Dublin analysts reacted negatively to yesterday's news and questioned Flogas' ambitious plans for further expansion into the UK market.

New differences prevent settlement at Waterford

By Kieran Cooke in Dublin

MORE disagreements have arisen between unions and management at Waterford Wedgwood.

More than 2,000 workers at the crystal plant in Waterford have been on strike for three months. Though there were hopes that the strike could end this week, management has rejected a series of union amendments to a company "final offer" document.

Management and unions have been trying to negotiate an end to the strike for five weeks. The immediate cause of the action was a management decision to withdraw certain bonus payments to a section of piece-rate workers, though other issues have also been involved in the dispute.

Management put its "final offer" to unions 10 days ago stating that a vote should be taken on the offer by this weekend. In the early days of the strike management warned of the "dire consequences" of a prolonged work stoppage and hinted that crystal production might be moved elsewhere, possibly to either Poland or Czechoslovakia.

Last year, the Waterford crystal division incurred pretax losses of I£21.3m (£20m). Shareholders at Waterford Wedgwood's AGM last month were told that the company's performance continued to be affected by a drop in consumer spending in the US and UK.

LEGAL NOTICES

No. [illegible] of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF: MARY QUANT LIMITED
- and -
IN THE MATTER OF: THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 22nd June 1990 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of capital of the above-named Company from £880,374 to £267,182.20

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Scott at the Royal Courts of Justice Strand London WC2A 2LL on Monday 16th July 1990

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 5th day of July 1990
Messrs Macfarlanes
10 Norwich Street,
London EC4A 1BD
(Ref: TJRO)
Solicitors for the above-named Company

Opec cuts still not implemented

By Steven Butler

OIL SUPPLIES outside of eastern Europe, the Soviet Union and other the socialist countries declined by 600,000 barrels a day last month to 37.2m b/d, according to the International Energy Agency monthly oil market report.

The decline was shared about equally between countries of the Organisation of Petroleum Exporting Countries and the developed countries. Opec production for the month was put at 22.2m b/d, a decline of just 400,000 b/d from May, indicating that Opec countries have not cut production as pledged in an emergency meeting in early May.

Saudi Arabia's production was put at 5.3m b/d, up from 5.2m b/d in May. Iranian production was off 100,000 b/d to 3.1m b/d, and Iraq production was at a similar level. Kuwait and the United Arab Emirates, Opec's main quota busters, were each down 100,000 b/d to 1.7m and 2m b/d respectively. Nigeria and Venezuela each showed small declines, while Gabon production rose.

Opec ministers will meet on July 25 in Geneva in an attempt to thrash out a new production agreement. Several ministers met yesterday in Algiers, where the recently-appointed Kuwaiti Minister, Mr Rashid Alaem Al-Ameeri, was reported to have said that while Kuwait was looking for a higher production quota, it was also interested in a recovery of the oil markets.

The decline in output outside of Opec was accounted for by summer maintenance in Alaska and the North Sea.

The IEA data confirmed a sluggish first quarter in which demand in the industrialised countries was flat compared to a year ago. Second quarter estimates show a 0.8 per cent growth in oil demand to 36.3m b/d. North American consumption has declined for four straight quarters.

Full year consumption in the industrialised countries is still projected to grow at 1 per cent, while growth in the first half of 1991 is projected at 2 per cent.

Brazil has no fresh plans for coffee pact

By John Barham in Sao Paulo

THE BRAZILIAN Government does not intend to table any new proposals for reviving the International Coffee Agreement at a forthcoming meeting of member countries of the International Coffee organisation, a senior official said yesterday.

Brazil's apparent renewal of interest in the defunct agreement has breathed life into coffee markets on both sides of the Atlantic this week. Yesterday London's September robusta contract closed at £597 a tonne, up £5 on the day and £30 on the week so far.

Mr Joao Cunha, a top economy ministry official with responsibility for coffee policy, said Brazil would not make any firm proposal to the ICO until a review of its domestic coffee policies was complete. Mr Cunha explained: "Our position is to continue meeting with our coffee producers and exporters to find out what they think of Brazil's return to the agreement and there is no definition yet on this question."

Brazil surprised a routine board meeting of the ICO by suggesting early this week that talks on the future of the pact should be held on July 23. As the world's largest coffee producer, with about 30 per cent of the international market, Brazil is a the central player in coffee politics.

Mr Cunha said: "We are interested in hearing from other producing countries and to see whether the clauses damaging to Brazilian interests in the agreement can be changed." He said the Brazilian coffee trade would object strongly to any reduction in the country's market share. The Brazilians complained that the agreement allowed less efficient producing countries to encroach on its markets.

The coffee pact tried to defend artificially high prices and shared out coffee markets among producing countries. It collapsed in July last year under the weight of Brazilian and American opposition.

Norwegian strike over

By Karen Fossli in Oslo

NORWEGIAN CRUDE oil and gas production could resume at full capacity today following a retreat by defiant offshore workers who had this week limited oil output by half and choked gas exports completely by blocking fresh supplies and personnel from boarding some installations.

Norway, western Europe's second biggest crude oil producer behind Britain and its third largest gas producer, pumps about 1.7m barrels of oil a day and just over 2bn cu m of gas a month from 23 platforms.

Oil products account for about a quarter of gross domestic product while daily export earnings and budget revenues account for about NKr400m. A strike over wages began last Saturday at midnight but by Monday the centre-right Government intervened to rule it illegal.

However, some strikers persisted until yesterday when oil companies began a sacking operation which forced them to back off from their illegal action.

The dispute, described as one of the worst in the country's history, saw six oil workers sacked by oil companies Statoil and the Norwegian unit of Phillips Petroleum.

Phillips Petroleum Norway said yesterday that the strike had been called off at the Ekofisk field, the heart of petroleum operations. Statoil, the Norwegian state oil company, said that it expected illegal strikers on other platforms also to return to work.

The Norwegian Oil Industry Association said it had filed a petition to reaffirm the strike's illegality and would later revert to seeking compensation from the strikers.

Polish trader seeks to export grain

By Christopher Bobinski in Warsaw

ROLIMPEX, POLAND'S biggest foreign trader in food has applied to the Government for permission to offer 1m tonnes of surplus grain for sale abroad. Should permission be granted it will mark Poland's re-entry as an exporter to world markets after decades of heavy grain purchases abroad.

The Rolimpex application includes provision for 500,000 tonnes of wheat, on which the Government needs to consult with the EC before it issues permission. Brussels has over the past 12 months delivered 1.5m tonnes of aid grain. Another 500,000 tonnes has been donated by the US.

The Poles are considering cancelling further planned aid deliveries of 130,000 tonnes. They are already short of storage space and facing the prospect of not being able to purchase all the grain that is due to come on the domestic market from farmers at home.

So far this year Rolimpex has sold about 70,000 tonnes of oats to East Germany and Czechoslovakia.

One proposal being mooted is that some of Poland's excess grain stocks could be shipped to the Soviet Union as joint Polish/EC aid thus clearing storage space.

Cutting costs on a tightening copper belt

Mike Hall on the deepening problems of Zambia's only significant export earner

DESPITE OUTBREAKS of rioting and looting in the copper mining towns of central Zambia and short-lived street celebrations at the news of Saturday's coup attempt, production has so far been unaffected, according to senior managers of the state-run Zambia Consolidated Copper Mines.

The unrest in Lusaka and other towns has brought a tense and politically volatile climate to the copper belt. The powerful miners' union openly supports a return to multi-party democracy and this is likely to bring it into conflict with President Kaunda's ruling party.

But as the dust settles, ZCCM is turning its attention back to more mundane but equally important matters – especially cutting cost.

The company recorded a record net profit of 2.6bn Kwacha (£38m) for the 1989-90 financial year, this was due to buoyant copper prices and substantial devaluations of the kwacha.

However production was up significantly from the previous year's 415,000 tonnes, reaching 448,000 tonnes. Mr Steve Hariapak, director of operations, is confident that this level can be maintained for at least the next five years.

But the company still faces a host of problems. Lack of foreign exchange is one. As the only significant export earner, ZCCM is forced to feed other sectors of the economy.

Bottlenecks on export routes have long been a major headache, now inter-plant transportation is also increasingly difficult and costly. Skills are short and mines are becoming deeper and ore grades lower.

The company's major drive is to cut costs and invest its own funds to ease production constraints. Its largest smelter is being upgraded with new technology from Chile's Codelco. Underground mines have been deepened and the rehabilitation of another – said to be the wettest in the world, but with high grade ore – is nearing completion.

Another major objective over the next two to three years is to improve acid production for the world's biggest tailings leach plant – at the huge Nchanga open pit, the second largest mine in the world – which produces the lowest cost copper. The plant presently operates below capacity.

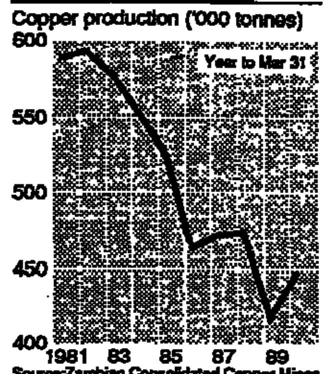
A notable area of progress has been the rationalisation of machinery and spare parts stocks, a process which is continuing. Over the years there had been a tendency for a proliferation of different makes and types of machinery, requiring huge and costly stocks of spare parts.

Whereas there were recently 5 or 6 different makes of underground loaders in the mines, there is now only one. The company has negotiated long-term supply agreements with manufacturers – with in-built performance guarantees. Service personnel and consignment stores are on-site, and ZCCM receives up-front finance from manufacturers, paying for spares only when they are drawn.

Some problems are beyond ZCCM's direct control, however. All inter-plant movements – of bulk items such as concentrate, acid and finished copper – should be by rail. But because of under-investment and mismanagement, the state-run Zambia Railways cannot provide an adequate service. The result is that almost two-thirds is now hauled by road, adding substantially to costs and damaging roads.

Zambia

Copper production ('000 tonnes)



Source:Zambian Consolidated Copper Mines

Looking at a map it would seem that landlocked Zambia should have no worries about export routes. But the key Tazara railway to Dar es Salaam in Tanzania lacks rolling stock and locomotives, and wagon turnaround times are slow. Railways to Beira port in Mozambique suffer similar problems and the port itself lacks capacity. The western Benguela line to Lobito in Angola is closed by war.

Freight companies say they have been forced to carry copper by road – even though it is a third more expensive. In the first few months of this year about 60 per cent went to Dar es Salaam and Beira this way. And since the end of last year they began shipping through East London in South Africa – despite the Government's outspoken support for sanctions. The road-rail route to Walvis Bay in Namibia is also now being investigated.

Although ZCCM still employs about 1,000 expatriate technicians and managers, many consider the process of "Zambianisation" in the industry to have been too fast. As a result, they say, there is a lack of skilled and experienced staff and management is poor.

Coupled to this, many who work closely with miners say Zambia's worsening economic climate has demoralised workers and caused productivity to decline. Although mineworkers are among the best paid in the country, their purchasing power has been cut drastically in the last few years.

Critics say the industry is heavily over-manned. But ZCCM is forced to play an important social role. It directly employs more than 50,000 miners and indirectly supports at least 500,000 dependents. Managers say they have their hands tied given the political implications of redundancies in a country suffering massive unemployment.

This remains one of the most important reasons for state-ownership of the industry. The Government presently holds 60 per cent, Anglo-American 27.3 per cent and ITM International 6.9 per cent. And despite President Kaunda's recent announcement of plans partially to privatise state-run enterprises, ZCCM's mining operations are likely to be the last to be considered.

But mine closures due to depleted or uneconomic orebodies are a very real prospect in the next few years, especially if worldwide supplies improve and prices drop. There are opportunities in new deposits and more electro-winning from old tailings. But these are likely to be little more than holding operations: the long-term outlook is one of a step down to about two-thirds of current output by the turn of the century.

Almost everyone now accepts that Zambia's future lies at ground level. Agriculture and agro-industry offer considerable potential, although adequate copper earnings must go back to the mines to ensure resources to invest in agriculture and other sectors are sustained for as long as possible.

In the short term, however, in the lead up to a referendum on multi-party democracy, production may be threatened. Much depends on how the Government responds to the current crisis. But analysts say there is no doubt that political temperatures are high and anti-government sentiments strong among the men who produce Zambia's precious dollars.

Metals 'near bottom of cycle'

By Richard Mooney

METAL MARKETS are likely to show renewed weakness in the second half of this year but that should prove to be the bottom of the current price cycle, according to Metals and Minerals Research Services. For gold its sees little price improvement in 1991, after a fall back to the 1986 level this year, while platinum and silver are not expected to do any better.

In its quarterly Metals Analysis and Outlook MMRS suggests that "1990 is witnessing a mild economic recession, with the auto industry and parts of the construction sector particularly depressed." It therefore projects no overall growth in base metals consumption this year. The third quarter is likely to prove the bottom of the economic cycle, however, after which growth is expected to accelerate.

First to benefit from the expected economic pick-up should be aluminium, MMRS says. Having slowed down throughout 1989 demand growth for aluminium has almost disappeared this year and although production growth has also decelerated sharply "from last year's impressive rate" a small supply surplus is still expected this year. As consumption moves ahead next year, however, MMRs anticipates a restoration of market balance.

"This will require a significant increase in smelter capacity and its continued full utilisation," it says, and, with stocks still fairly tight, "there seems every prospect of an improvement in prices in 1991."

MMRS predicts that the annual average aluminium price, which fell from 116 cents a lb in 1988 to 88 cents a lb last year, will slip further to 72 cents a lb this year before rising to 95 cents a lb in 1991.

That makes aluminium the main contributor to a projected upturn in the MMRS real international US dollar price index for non-precious metals prices from 104.2 this year to 110.4 in 1991.

Other base metals forecast to show higher price averages next year are tin, seen rising from $3.15 a lb this year to $4 a lb in 1991, and nickel, up from $3.35 a lb to $3.50 a lb.

Average price falls are projected for copper, from 110 cents a lb this year to 85 cents a lb; lead, from 37 cents a lb to 33 cents a lb; and zinc, from 75 cents a lb to 60 cents a lb.

Zinc's prospects are "probably the most uncertain," MMRS says. Deteriorating fundamentals are likely to bring heavy falls, it says, though widespread strikes may delay these until next year.

MMRS forecasts that the gold price will average $360 a troy ounce this year and $365 an ounce next year. With continued, though slower, growth in demand from jewellery makers, falling South African production and non-mine sources in decline market balance should improve, MMRS says, but not sufficiently "to pull prices back up in the absence of stimulation from external economic/financial factors."

£350 for four quarterly issues; from MMRS, 222-225 Strand, London WC2R 1BA.

Diamond sales rise 7% to record in first half

By David Blackwell

DIAMOND SALES by De Beers' Central Selling Organisation reached a record $2.48bn in the first half of the year in spite of a surprise price increase in March.

The increase of 7 per cent over last year's first half figure was in line with inflation, according to De Beers, the South African mining group which controls about 80 per cent of world trade in rough (uncut) diamonds.

Analysts said the result was better than expected. "This is at the top end of the range," said Mr Euan Worthington, head of the mining team at the Warburg Securities financial services group. "It is a fairly good performance given the state of the world economy and the high level of interest rates."

De Beers believes that the first half figures mark a return to normal demand after last year, when sales totalled 4.09bn, down on 1988's record $4.17bn. In a normal year the second half sales figures are lower than the first half, when restocking takes place after the Christmas sales.

Mr Rob Davies, of Shearson Lehman Hutton, said he was not looking for a bumper second half. Sales would be lower than the first half, but a touch better than last year's second half figure of $1.77bn. Nevertheless, analysts believe the year could end with another dollar record for diamond sales.

De Beers said it "would not be too surprised" if sales reached 1988 levels. Demand in Japan for polished stones was particularly strong, and was steady in the rest of Asia and in Europe. US demand was not so strong.

Last March the group surprised the market by announcing an average increase of 5.5 per cent in the price of rough diamonds. Three out of of five of the sights (sales) in the first half followed the increase.

WORLD COMMODITIES PRICES

MARKET REPORT

COCOA prices in London closed well down yesterday, with September falling back below £800 a tonne. New York's retreat put pressure on London in a market lacking fresh physical signals. Uncertainty about the dock situation in Ivory Coast, the world's largest cocoa producer, had no apparent impact. Dockers said they started a strike but the country's main port seemed to be working normally. "Very little cocoa is being shipped out of there at this time of year anyway," one trader said. News that 1,014 tonnes of cocoa is being offered for sale without replacement from the ICCO buffer stock came after the market closed. But traders said the quantity involved was very small and was not expected to have any market impact. On the LME cash zinc prices firmed following news of a concentrates force majeure declaration by Noranda. Copper moved ahead in London and New York on news that talks at the strike-bound Asarco mine in Arizona had broken down. Chicago soyabean prices were sharply down at midsession following weather forecasts for normal temperatures and rain in the Midwest next week. Gold retreated in London on profit-taking after this week's rally.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.40-3.55w	-.175
Brent Blend	$15.75-5.80w	-0.20
W.T.I. (1 pm est)	$16.41-6.43w	-0.41

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$229-231	-2
Gas Oil	$144-146	
Heavy Fuel Oil	$64-65	+1
Naphtha	$142-144	-1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$360	-2.5
Silver (per troy oz)♣	490c	-4
Platinum (per troy oz)	$483.35	-8.15
Palladium (per troy oz)	$115.75	-1.75
Aluminium (free market)	$1535	+10
Copper (US Producer)	119c	
Lead (US Producer)	49c	
Nickel (free market)	395c	-5
Tin (Kuala Lumpur market)	16.04r	-0.01
Tin (New York)	280c	-2
Zinc (US Prime Western)	87.5c	
Cattle (live weight)†	107.77p	+0.81*
Sheep (dead weight)†	165.67p	+13.9*
Pigs (live weight)†	97.70p	-3.05*
London daily sugar (raw)	$327.1t	+0.8
London daily sugar (white)	$407.5t	-3.5
Tate and Lyle export price	£295.5	+0.5
Barley (English feed)	£109	
Maize (US No. 3 yellow)	£157.5	
Wheat (US Dark Northern)	£120	
Rubber (Aug)♥	53.25p	
Rubber (Sep)♥	53.75p	
Rubber (KL RSS No 1 Jul)	233.0m	
Coconut oil (Philippines)§	$320z	
Palm Oil (Malaysian)§	$285	-5
Copra (Philippines)§	$215	
Soyabeans (US)	£152t	
Cotton "A" Index	82.50c	
Wooltops (64s Super)	478p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-Jul/Aug. u-Oct/Dec v-Jun/Jul. w-Aug z-Aug/Sep y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Aug	295.80	299.00	300.00	293.60
Oct	292.40	296.20	297.20	289.40
Dec	300.00	298.00	298.00	282.00
Mar	277.60	281.00	281.20	275.60
May	277.60		280.60	275.20
Aug	277.60		279.80	275.60
Oct	276.00	275.00	275.00	273.80
White	**Close**	**Previous**	**High/Low**	
Aug	392.0	395.0	395.5	390.6
Oct	364.0	368.0	369.0	361.5
Dec	359.5	361.0	361.0	357.1
Mar	355.5	358.0	358.0	353.6
May	353.4	355.5	354.5	351.5
Aug	353.9	355.0	356.0	352.0
Oct	343.4		342.0	

Turnover: Raw 2776 (1307)lots of 50 tonnes. White 1116 (875)

Paris- White (FFr per tonne): Aug 2170, Oct 2015 Dec 2010, Mar 2010, May 2010

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Aug	15.71	15.97	16.12	15.68
Sep	16.12	16.36	16.44	16.06
Oct	16.52		16.70	16.38
IPE Index	15.97	16.08		

Turnover: 13761 (3400)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low	
Jul	143.75	143.75	145.00	143.00
Aug	144.25	145.00	146.00	144.00
Sep	146.00	148.00	147.50	146.00
Oct	149.00	149 25	150.50	149.00
Nov	151.00	151.50	152.00	150.50
Dec	153.00	153.25	154.50	152.50
Jan	152.50	153.25	154.25	152.50

Turnover 7166 (4195)lots of 100 tonnes

FRUIT AND VEGETABLES

IMPORTED apples are excellent value this week at 40-65p a lb (38-65p), along with kiwifruit at 16-25p each (16-25p) and English cherries at £1.00-1.20 a lb (£1.20-1.30), reports FFVIB. Wimbledon favourites - strawberries are plentiful at 50-65p a ½ lb (50-65p), as are peaches and nectarines at 10-30p each (10-30p). English asparagus is still good value for money at £2.00-2.30 a lb (£2.00-2.30), as is spinach at 48-75p (48-75p) and Broad beans at 35-50p (35-50p). Iceberg lettuce remains plentiful at 45-65p each (40-66p) as do other lettuce varieties including round at 15-30p (15-30p) and Webbs at 30-40p (30-40p).

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Jul	767	782	780	765
Sep	789	804	805	788
Dec	811	829	830	810
Mar	836	854	853	835
May	856	873	873	855
Jul	876	893	890	882
Sep	894	913	900	892

Turnover: 2181 (4743) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Jul 3 1041.46 (1019.20) 10 day average for Jul 4 999.65 (995.85)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Jul	587	564	590	563
Sep	597	592	620	590
Nov	616	513	637	611
Jan	634	631	658	632
Mar	652	648	680	652
May	675	669	672	670

turnover: 6541 (3483) lots of 5 tonnes

ICO indicator prices (US cents per pound) for July 3: Comp. daily 88.16 (87.01). 15 day average 68.40 (68.59)

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Nov	79.0	80.0	79.5	79.0
Apr	105.5	104.0	106.0	103.5

Turnover 90 (267) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low	
Aug	120.50	117.50		
Oct	118.00	120.00	120.50	118.00

Turnover 46 (10) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Jul	1040	1028	1030	1015
Aug	1028	1030	1028	1022
Oct	1135	1121	1135	1110
Jan	1150	1140	1165	1140
Apr	1150	1140	1150	1140
BFI	1065	1073		

Turnover 284 (331)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Sep	113.40	112.60	113.00	
Nov	116.50	116.25	116.75	116.55
Jan	120.50	120.25	120.50	
Mar	124.35		124.25	
Barley	**Close**	**Previous**	**High/Low**	
Sep	110.65	110.50	110.80	110.70
Nov	114.65	114.70	114.90	114.70

Turnover: Wheat 38 (150), Barley 54 (44). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Sep	116.0	118.0	116.5	116.0
Oct	118.0	116.0	118.0	116.5
Nov	114.5	115.0	114.0	

Turnover 51 (53) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 9,527 lots
Cash	1536-41	1536-8		1533-4		
3 months	1567-8	1564-5	1568/1560	1561-2	1565-6	44,585 lots
Copper, Grade A (£ per tonne)						Total daily turnover 19,255 lots
Cash	1508-10	1478-80	1484/1482	1483-4		
3 months	1488-9	1445-6	1470/1449	1451-2	1467-8	79,969 lots
Lead (£ per tonne)						Total daily turnover 2,161 lots
Cash	502-4	494-6	498/496.5	496-7		
3 months	505.5-6	496-8.5	507/501	500.5-1	501-2	10,330 lots
Nickel ($ per tonne)						Total daily turnover 2,656 lots
Cash	8600-10	8580-600	8600/8575	8570-80		
3 months	8590-625	8600-20	8600/8575	8550-75	8580-620	8,635 lots
Tin ($ per tonne)						Total daily turnover 1,486 lots
Cash	5945-55	5985-6000	5950	5945-55		
3 months	6075-80	6110-20	6080/6070	6070-80	6090-100	4,940 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,222 lots
Cash	1698-703	1658-65	1699/1675	1673-5		
3 months	1639-40	1615-20	1639/1622	1624-5	1630-3	19,268 lots

LME Closing £/$ rate: SPOT: 1.7815 3 months: 1.7529 6 months: 1.7246 9 months: 1.7033

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	359¾-360¼	201½-202
Opening	361½-362	202¾-203¼
Morning fix	358.85	200.699
Afternoon fix	359.70	201.343
Day's high	361½-362	
Day's low	358½-359	

Coins	$ price	£ equivalent
Mapleleaf	368-371	205-208
Britannia	368-371	205-208
US Eagle	368-371	205-208
Angel	366-371	205-208
Krugerrand	358-362	201-203
New Sov.	86-88	48-49½
Old Sov.	86-88	48-49½
Noble Plat	489.15-496.60	273.80-278.15

Silver fix	p/fine oz	US cts equiv
Spot	274.05	489.85
3 months	284.20	499.95
6 months	294.40	510.50
12 months	313.85	531.80

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1500	78	97	15	25
1600	24	44	60	69
1700	5	16	138	137

Copper (Grade A)	Calls		Puts	
2500	151	117	33	99
2600	90	75	71	153
2700	48	46	127	220

Coffee	Sep	Nov	Sep	Nov
550	57	82	10	16
600	28	51	29	35
650	11	31	64	65

Cocoa	Sep	Dec	Sep	Dec
750	58	98	21	36
800	33	71	45	61
850	17	52	79	92

Brent Crude	Aug	Sep	Aug	Sep
1550	42		16	35
1600	15	70	41	58
1650	6	47		83

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	361.4	362.1	0	0
Aug	363.3	364.1	364.0	361.4
Sep	365.2	366.1	363.0	363.0
Oct	367.4	368.3	367.8	365.6
Dec	371.9	372.8	372.4	370.0
Feb	376.4	377.4	375.3	375.0
Apr	380.7	381.8	381.3	380.0
Jun	385.3	386.4	385.5	384.5
Aug	389.7	390.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	483.1	485.1	487.5	480.5
Aug	486.3	488.4	0	0
Oct	492.5	494.4	497.0	488.5
Jan	498.3	500.1	498.0	498.0
Apr	504.1	505.2	507.0	501.5
Jul	510.6	510.6	510.0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	488.9	491.9	490.0	486.0
Aug	489.8	495.0	0	0
Sep	493.7	499.0	497.5	493.5
Dec	504.8	510.3	509.0	504.0
Jan	507.9	513.5	0	0
Mar	515.4	521.1	519.0	515.6
May	522.7	528.5	524.5	523.0
Jul	530.1	536.0	531.8	531.8
Sep	537.9	543.9	540.0	538.4
Dec	549.1	555.2	551.2	549.7

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	117.10	114.40	117.80	115.10
Aug	116.85	114.10	117.50	115.50
Sep	116.05	113.10	116.95	114.00
Oct	114.45	111.60	114.70	114.70
Nov	112.60	110.05	113.20	113.20
Dec	110.80	108.50	111.40	109.50
Jan	109.20	107.00	0	0
Mar	106.00	103.90	106.30	106.30
Apr	105.05	103.05	0	0
May	103.50	101.70	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	16.33	16.60	16.65	16.31
Sep	17.09	17.44	17.30	17.06
Oct	17.63	17.90	17.77	17.61
Nov	17.99	18.23	18.14	17.99
Jan	18.42	18.61	18.53	18.36
Feb	18.57	18.70	18.60	18.50
Apr	18.66	18.84	18.70	18.64

HEATING OIL 42 000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	4805	4846	4825	4795
Sep	4920	4960	4935	4905
Oct	5030	5079	5045	5030
Nov	5160	5202	5180	5145
Dec	5255	5304	5280	5245
Jan	5315	5357	5330	5295
Apr	4950	4987	4990	4930

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1270	1302	1300	1262
Sep	1292	1324	1314	1280
Dec	1323	1355	1345	1315
Mar	1353	1386	1375	1345
May	1373	1406	1400	0
Jul	1394	1425	1420	0
Sep	1415	1448	1440	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	86.50	86 00	89 75	87.20
Sep	88.60	88.50	92.00	88.20
Dec	91.70	91.65	94.25	91.30
Mar	94.85	94.50	97.50	94.35
May	96.90	96.65	99.00	97.00
Jul	98.00	98.50	0	0
Sep	100.50	100 40	102.50	101.50
Dec	103.00	102.50	104 50	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	13.10	13 28	13.25	12.94
Mar	12.55	12.62	12.64	12.40
May	12 52	12.59	12.61	12 41
Jul	12.53	12.57	12.61	12.42
Oct	12.46	12.47	12.48	12.37

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	92.80	89.80	93.90	90.20
Oct	80.74	80.05	82.05	80.35
Dec	75.62	75.78	77.00	75 45
Mar	76.25	76.16	77.70	76 10

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	191.00	190.60	192.40	190.00
Sep	175.90	177.35	180.00	174.30
Nov	168.75	168 15	170.20	167.75
Jan	161.25	160.75	163.50	160.55
Mar	160.75	160.35	162.50	160.00
May	160.25	159.90	0	0
Jul	160.25	158.90	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jul 5	Jul 4	mnth ago	yr ago
1857.3	1866.7	1675.7	1975 5

DOW JONES (Base: Dec. 31 1974 = 100)

	Jul 4	Jul 3	mnth ago	yr ago
Spot	-	133.20	133.15	131 92
Futures	-	133.39	132.41	130.83

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	628/4	648/4	638/0	625/4
Aug	634/4	656/0	647/0	632/0
Sep	642/2	663/6	653/0	640/0
Nov	655/2	676/4	666/0	652/0
Jan	668/4	687/2	678/0	665/0
Mar	677/4	699/0	686/0	675/0
May	684/0	707/0	692/0	684/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24 42	25.62	25.40	24.38
Aug	24.28	25.28	25.00	24.28
Sep	24.26	25.19	24 90	24.25
Oct	24.21	25.15	24.90	24.20
Dec	24.21	25.15	24.80	24.18
Jan	24.10	25 00	24.60	24 10
Mar	24.05	24 75	24 45	24.00
May	23 90	24 76	24.45	23.85

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	181.8	190.7	187 0	181.8
Aug	183.8	192.2	188.5	183.6
Sep	186.8	194.1	189.5	186 5
Oct	188 5	196.5	192.0	188.5
Dec	192.2	200.3	196.5	192.0
Jan	193.0	201.5	196.5	193.0
Mar	196.7	203.5	198 7	196 5
May	198.5	205 2	200.0	198.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	286/0	294/2	290/0	285/2
Sep	281/2	290/2	288/0	280/6
Dec	280/4	290/4	286/4	280/4
Mar	286/0	296/0	292/0	286/0
May	290/0	300/0	295/0	290/0
Jul	292/0	302/0	297/4	292/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	313/2	323/4	322/0	318/0
Sep	325/2	330/2	329/4	325/0
Dec	341/6	346/6	346/0	341/4
Mar	352/2	355/0	354/6	351/2
May	351/0	353/4	355/0	350/0
Jul	352/4	354/0	353/0	348/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	73 02	72.77	73.20	72.75
Oct	75 07	75.25	75 47	74.95
Dec	74.62	75 02	75 30	74.72
Feb	74.77	75.05	75 22	74.72
Apr	75 70	75.97	76.02	75.55
Jun	72.90	73 02	73.30	72.90

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	62.66	61.67	62.80	61.70
Aug	59.62	58.72	59.95	59.50
Oct	54.30	53.62	54.45	53.27
Dec	53.12	52 52	53.52	52.40
Feb	50 20	50.00	50.35	49.70
Apr	47.10	46.90	47.25	46 85
Jun	50.30	50.02	50.40	50.15

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	56.17	57.67	58.85	56.10
Aug	53.95	55.77	56.70	53.77
Feb	55.42	54.85	56.45	54.00
Mar	54.70	54.37	55.80	53.60
May	55 70	54.70	55.70	0

The Noh Mask is a tradition of The Noh Theatre in Japan. This is the mask of Ko-omote, a gentle young beauty.

MADE IN JAPAN

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LONDON STOCK EXCHANGE

Further setback in nervous trading

NEW CAUSES for discouragement from both sides of the Atlantic yesterday helped further unsettle a London stock market already beset by concerns over the profits outlook for UK companies. Trading volumes in equities remained unexciting, but strategists were dismayed to see the FT-SE 2,350 mark lost in early trading, bringing 2,280-2,300 – the next testing area – into focus as the Index closed 24 points off.

Already well on the downside, the market suffered from new bearish developments in the second half of the session. Mr John Major, the UK Chancellor of the Exchequer, told Parliament that the current high level of credit in the UK was keeping the interest rate level "higher than otherwise it would be"; the City of London read this as a warning against over-optimism on domestic rates and Government bonds gave ground.

A further blow came when Wall Street confirmed earlier fears in London by opening sharply lower and, after some erratic movement, showing a 25 Dow points fall as London closed for the day. UK traders had been wary throughout the session of press reports that plans to curb the US budget deficit might include a tax on securities sales.

Having lost the Footsie 2,300 almost at the opening, the market was showing a loss of 27.7 at the low point of the session. A modest rally, spurred by a similar tack on Wall Street, left the FT-SE Index with a closing level of 2,331.4, down 24.1.

Seaq volume of 386.8m shares against Wednesday's 353m, remained moderate, and statistics from the International Stock Exchange show that customer business in equities is still well on the low side of levels regarded as satisfactory from the point of view of the London-based securities houses.

The market's worries over the progress of the economy were not helped by the news that British Rail, the nationalised rail system, has plunged into an operating loss of £26m for 1989-90. While there were no spectacular new downgradings of corporate profits yesterday, the effects of recent hasty downward revisions from the brokerage houses continued to drag many shares lower. The international stocks were left on the sidelines again as the market weighed the implications for export earnings of the continued firmness of sterling. Retail sectors were still weak and property shares looked uncertain following the £800m refinancing plan for the Canary Wharf development in London's Docklands. Among construction issues, RMC gave further ground.

One of the few firm sectors was the banking area, which was among the first to suffer from the bearish reviews of the economic outlook, and has now attracted more favourable comment.

Account Dealing Dates		
*First Dealings:		
Jun 25	Jul 9	Jul 23
Option Declarations:		
Jul 5	Jul 19	Aug 2
Last Dealings:		
Jul 6	Jul 20	Aug 3
Account Day:		
Jul 16	Jul 30	Aug 13

*New-time dealings may take place from 8.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	July 5	July 4	July 3	July 2	June 29	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	79.03	79.34	79.39	79.80	79.97	85.47	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.02	88.08	88.05	88.19	88.22	96.54	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1858.2	1881.1	1894.7	1896.6	1899.9	1794.7	1968.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	181.4	183.4	181.3	182.6	176.8	203.7	378.5 (6/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2331.4	2355.5	2371.7	2372.0	2374.8	2161.2	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)

	July 5	July 4	July 3	July 2	June 29	Year Ago
Ord. Div. Yield	4.99	4.93	4.88	4.88	4.87	4.49
Earning Yld %(full)	10.99	10.87	10.78	10.76	10.75	10.56
P/E Ratio(Net)(☆)	11.03	11.15	11.24	11.26	11.27	11.42
SEAQ Bargns 4.45pm	22,819	21,517	23,823	22,605	23,661	21,882
Equity Turnover(£m)†	-	717.44	786.74	563.07	783.76	1007.10
Equity Bargains†	-	22,324	23,810	22,342	22,587	23,987
Shares Traded (ml)†	-	322.4	417.4	263.9	343.3	440.2

Basis 100 Govt. Secs 15/10/26, Fixed Int 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.91

Ordinary Share Index, Hourly changes Day's High 1879.3 Day's Low 1857.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1879.3	1870.9	1870.4	1870.5	1870.2	1865.4	1864.8	1858.2	1857.8

FT-SE, Hourly changes Day's High 2352.2 Day's Low 2327.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2352.2	2344.2	2342.5	2343.7	2344.0	2338.7	2338.3	2328.4	2329.8

GILT EDGED ACTIVITY

Indices*	July 4	July 3
Gilt Edged Bargains	49.8	101.0
5—Day average	87.1	99.6

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	1,800	171	-6
ASDA Group	4,000	114	-3
Abbey National	1,600	208	-1
Allied-Lyons	1,800	491	-7
Amstrad	905	69	-1
Anglian Water	580	164½	-½
Argos	491	231	
Argyll Group	2,300	238	-10
Ass. Brit Foods	473	410	+3
BAA	1,000	432	
BAT Inds.	1,100	634	-5
[illegible]			
British Steel	11,000	136½	-4½
British Telecom	6,800	304	-2
Bunzl	679	91	-2
Burmah Oil	561	653	+4
Burton	4,400	104	-4
Cable & Wire	1,100	548	-5
Cadburys	1,100	350	
Calor Group	460	248	-4
Carlton Comms.	98	529	-1
Coats Viyella	2,400	124	-6
Comm. Union	495	505	-4
Cookson	532	197	+1

	Volume 000's	Closing Price	Day's change
Courtaulds	1,100	349	-6
Dalgety	110	374	-4
Dixons	1,000	141	-3
ECC Group	807	405	-1
Enterprise Oil	754	625	-5
FKI	1,100	73	
Ferranti	798	35	-½
Fisons	1,500	384	-6
Gen Accident	365	1114	-11
General Elect.	5,360	134	-3
Glaxo	1,300	807	-8
[illegible]			
Inchcape	62	384	-1
Kingfisher	727	340	-2
Ladbroke	2,400	320	-6
Land Securities	1,000	521	-3
Laporte	322	566	
Legal & General	1,200	412	-9
Lloyds Abbey	12	323	-2
Lloyds Bank	1,400	287	+6
LASMO	568	408	-2
Lonrho	1,300	256	-2
Lucas	1,400	160	-4
MB Group	1,300	210	-2

	Volume 000's	Closing Price	Day's change
MEPC	576	515	-7
Manpower	225	83	
Marks & Spencer	6,300	227	-9
Maxwell Comms.	2,300	193	
Mecca Leisure	1,100	87	
Midland Bank	3,800	303	+8
NatWest Bank	3,600	322	+2
Next	445	46	-1
North West Water	1,100	157	-2½
Northern Foods	713	338	-2
Northumbrian Water	430	166	-1
[illegible]			
Rothmans	72	794	
Ryl Bk Scotland	809	170	-1
Royal Insurance	674	495	
STC	2,400	362	-1
Saatchi	252	84	-1
Sainsbury	1,500	288	-6
Scottish & New	885	340	
Sears	3,400	93	
Sedgwick	691	240	-5
Severn Trent Water	1,200	141	-2½
Shell Transport	1,600	449	-6
Siebe	525	480	

	Volume 000's	Closing Price	Day's change
Slough Ests	485	268	-6
Smith (W.H.) A	77	340	-3
Smith & Nephew	959	112½	-½
SmKl Beecham	848	538	-6
SmKl Beecham Units	13	2508	-7
Smiths Inds.	508	525	+1
South West Water	439	172	-4
Southern Water	491	141	-4
Standard Chartd.	561	459	
Storehouse	3,100	121	-2
Sun Alliance	1,300	327	-10
[illegible]			
Utd. Newspapers	171	341	-2
Water Package Uts.	7	£1568	-24½
Wellcome	1,100	588	-18
Welsh Water	849	174	-3
Wessex Water	775	162	
Whitbread 'A'	418	447	-2
Williams Hldgs.	459	277	+2
Willis Faber	5,100	237	-10
Wimpey	56	240	-2
Yorkshire Water	445	162	-4

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Setback hits Berisford

Berisford International, the commodity and property group, surprised the market by announcing it would sell any of its businesses, including British Sugar, to reduce its gearing.

That failed to stop its shares falling to their lowest level since early 1986 after it confirmed a 41 per cent fall in interim profits, passed a dividend payment and made a £146.9m provision against its New York property portfolio.

The results and property provisions had already been signalled to the market. "The results just rammed home how difficult things are at Berisford at the moment," one trader said.

Turnover swelled to 4.8m shares and Berisford closed 10 lower at 81p, having hit a low of 77p at one stage.

Since Tate & Lyle at the beginning of the week dropped out of the running for Berisford, A.B. Foods has been seen as the likeliest buyer of British Sugar. It already holds a 23 per cent stake in Berisford and could pay up to £1bn, analysts said.

A.B. Foods continued to rally on speculation that it would be able to acquire British Sugar cheaply. A.B. Foods closed 3 up at 410p, its highest closing level for nearly a fortnight, while Tate & Lyle finished a penny easier at 306p.

Mr David Laing of Henderson Crosthwaite said: "There is a real chance that British Sugar will have to be sold." He said Berisford was struggling to refinance itself, and the disposal of British Sugar, its prize asset, "might be the only way to save the company."

M & S falls sharply

Marks and Spencer, for so long the exception to analysts' recommendations to avoid retail stocks, fell sharply as Kleinwort Benson argued that the shares had become expensive.

Mr Nick Hawkins at Kleinwort said that M & S was "at a four point premium to Tesco, which has twice the earnings growth. And we're not even buying Tesco."

His verdict was that investors should take profits ahead of the company's annual meeting next week.

M & S would not be immune from the difficulties affecting the whole of fashion retailing, said Mr Hawkins. He added that M & S was still Kleinwort's "most favoured stock among stores – but not at these levels." The broker has no stores companies on its buy list.

Traders said M & S would be underpinned by institutions, which want to keep an investment presence in the stores sector holdings. As one of the more defensive stocks, M & S is generally part of such a holding.

M & S ended at the day's low of 227p, a fall of 9. Turnover was a solid 5.2m shares.

Downturn for Boots

Boots fell quickly as the company began a round of presentations to City analysts. First on the list was Goldman Sachs, whose response to the meeting was cautious enough to encourage traders to market their prices lower.

Mr Keith Wills at Goldman said his forecast for the current year was "staying unchanged at the lower end of the range, particularly for the first half (of the year)."

He said there was no news on current trading but that the company was still wrestling with Ward White, bought by Boots in a hostile takeover last August. It was also continuing to feel the effect of high interest rates. Mr Wills also pointed out that the hot weather in 1989 had encouraged sales of summer season products from Boots stores, and that it might be difficult to show growth on those sales this year.

Next to see Boots was James Capel, which did not prepare a statement on the company yesterday. Further presentations are scheduled this week.

Boots closed a penny above the day's low at 285p, a net decline of 10, on steady turnover of 2.2m shares.

International stocks, already hurt by a strengthening sterling, suffered further on news of a US report saying the the Bush administration was looking at a tax on securities transactions as a way of helping to reduce the US budget deficit. Reuters lost 12 to 1,264p, Wellcome shed 18 to 588p and Glaxo eased 8 to 807p, after 804p. Hanson wilted under the pressure not only of these factors but also the recent profit warning from its US associate, Smith Corona, and heavy buying of puts in the London Traded Options Market. Hanson fell 6¼ to 226¼p. Some 9.7m shares changed hands and turnover in the options market was the equivalent of almost 2¼m shares.

Bermuda-based ADT retreated on persistent suggestions that Laidlaw, the Canadian waste management and school bus group which has a 27.6 per cent stake in it, wanted to reduce its holding and buy part of a UK waste company. ADT fell 6 to 171p.

The market focused on the disappointing side of the statement at Allied-Lyons' annual meeting and the shares fell 7 to 491p. Sir Derrick Holden-Brown, the chairman said that the beer and retailing division still faced "an uncertain operating environment within the industry."

Midland Bank continued to outperform a generally strong banks sector with the shares settling a further 8 higher at 303p, after touching 311p, on good turnover of 3.8m. The Midland share price has been boosted considerably in recent sessions as a number of broking firms have chased the stock amid growing expecations that a merger with 14.9 per cent shareholder Hongkong & Shanghai Banking Corporation will be concluded before the end of the year.

The rest of the banks advanced strongly as two of the London market's most influential securities houses issued highly positive notes on the sector. The big four banks, plus Standard Chartered and Abbey, are scheduled to begin announcing their interim figures at the end of this month.

James Capel came out with a substantial document on the banks, highlighting the attractions of Barclays, Bank of Scotland, Lloyds and Abbey National. Kleinwort Benson, too, were said to have been strong supporters of the sector, emphasising three specific areas of strength: "strong yields, strong capital ratios and sound operating growth." Kleinwort's preferences are Barclays and Lloyds. They rate NatWest a strong hold and Midland a hold and take a positive view of Abbey National and TSB.

Lloyds shares gained 6 to 287p, after 290p, on turnover of 287p, while Barclays moved up 4 to 321p on 2.9m and NatWest 2 to 322p. Abbey and TSB were steady around 208p and 136p.

The discount houses, under pressure during recent sessions, gave further ground with specialists still taking the view that interest rate cuts in the UK are still some distance away. Cater Allen retreated 6 to 360p and Gerrard & National the same amount to 290p.

BZW's bearish note on life assurance stocks, following on from similarly negative stances adopted by other big broking firms recently, led to renewed weakness in the life stocks. BZW's life specialist Alan Curtis said: "Competition has never been so intense and the outlook for new business is unexciting. European insurers realise this, and the attractions of acquiring a UK insurer are diminishing. The sector is fully valued; this is an excellent opportunity to reduce weightings," he concluded.

Legal & General lost 9 to 412p on 1.2m, while Prudential fell 5½ to 226½p on 2.1m.

Composite insurers were upset by further persistent selling, thought to have originated from one of the big US investment houses, which was thought to have lowered its forecasts for the leading stocks.

Royal gave the best performance, shading to 494p, with the market relieved by the company's withdrawal, on favourable terms, from the Massachusetts personal automobile market. Sun Alliance suffered again, losing 10 more to 327p on 1.3m shares, the biggest turnover in composites. Guardian Royal were 4 weaker at 229p on 1.1m.

A placing of 2.35m shares in Willis Faber put the stock under persistent pressure and saw the shares close 10 lower at 237p; turnover, considerably boosted by the placing, reached 5.1m. Sedgwick fell 5 to 240p.

Press reports that the failure of the sale of an old master painting at Sotheby's would leave the company with a bill of at least £1½m left the shares 15 lower at 835p.

The brief run-up in water stocks late on Wednesday petered out very quickly, with dealers noting widespread selling pressure across the board. It was said that some market-makers were trading the stock in "special ex-dividend form." The ten water stocks go ex the dividends on July 16.

The Water Package retreated 25 to £1,568, while among the biggest losers in the individual issues were Southern Water, which brought the reporting season to a conclusion yesterday and fell 4 to 141p, and Thames, the same amount off at 152p. Turnover in Thames was 2.1m, ahead of usual levels in the stock.

Tiphook was one of the day's best performers after posting year-end profits 83 per cent higher at £33.1m.

Capital Radio, which has been firm in recent weeks, slumped 22 to 194p as a trade magazine said the company wanted to make acquisitions. Analysts pointed out that the stock was tightly held and movements tended to be exaggerated.

Kwik Save fell 19 to 480p on suggestions some analysts may cut their forecasts slightly following a visit to the company. The analysts were said to be concerned about slower sales growth and cost control. However, Charterhouse Tilney, one of the company's brokers, left its estimate for the current year unchanged at £85-86m. Argyll fell 10 to 238p after it was announced that some directors had sold part of their holdings. United Biscuits eased 1 to 356p after Smith New Court reduced its forecast to £209m from £212m for the current year. Sterling's strength and signs that consumers may be purchasing cheaper items caused Smith to alter its estimate.

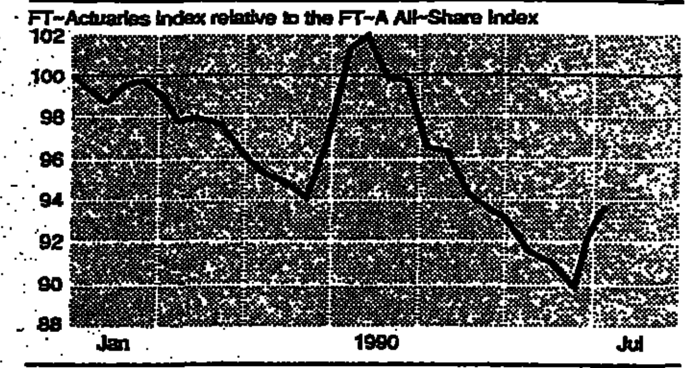
Beazer, the aggregates and construction group, rose 4 to 159p with turnover of 2.1m, considerably boosted by a single trade of 1.2m shares. The stock has been under pressure recently amid talk of a big profits downgrade.

RMC dropped 24 more to 665p, extending the fall over the past three sessions to 50p; dealers said the company is being hit by the strength of sterling.

■ Other Market statistics, including the FT-Actuaries share index, Page 28

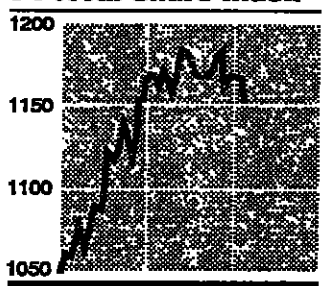
Property

FT-Actuaries index relative to the FT-A All-Share Index



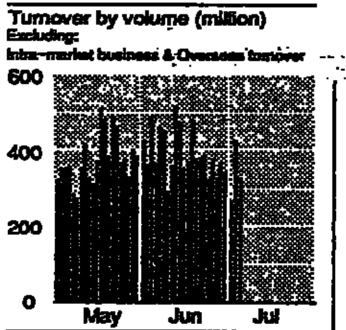
The property sector has begun to recover from the worst levels that it saw in June, as hopes that sterling will become a full member of the European Monetary System have encouraged speculation about a cut in interest rates. If hopes of an early reduction in rates prove unfounded, say analysts, some of the more hard-pressed companies may not survive much longer.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (28).
BRITISH FUNDS (1) BUILDINGS (1) CHEMICALS (2) STORES (1) ELECTRICALS (1) ENGINEERING (1) FOODS (4) INDUSTRIALS (6) Carbo, MITIE, Portals, Robertson, Shanks & McEwan, Wassall, LEISURE (1) NEWSPAPERS (2) PROPERTY (1) SHOES (1) TRANSPORT (2) TRUSTS (4).
NEW LOWS (74).
AMERICANS (6) BANKS (1) BUILDINGS (3) CHEMICALS (4) STORES (6) ELECTRICALS (3) ENGINEERING (1) FOODS (1) INDUSTRIALS (10) Aukett Assocs., Avon Rubber, Black Arrow, EFG, Flogas, Office & Electronic, Sale Tilney, Savage, Waterman Partnership, Wellcome, INSURANCE (4) LEISURE (1) MOTORS (2) NEWSPAPERS (1) PAPERS (1) PROPERTY (2) TEXTILES (1) TRUSTS (13) OILS (8) MINES (4) THIRD MARKET (2).

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]						
Five to Fifteen Years						
[illegible]						
Over Fifteen Years						
[illegible]						
Undated						
[illegible]						

BRITISH FUNDS—Contd

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
Index-Linked						
[illegible]						

INT. BANK AND O'SEAS

[illegible]						

CORPORATION LOANS

[illegible]						

COMMONWEALTH & AFRICAN LOANS

[illegible]						

LOANS

Building Societies

[illegible]						

Public Board and Ind.

[illegible]						

FOREIGN BONDS & RAILS

1990 High	Low	Stock	Price £	+ or –	Div %	Red. Yield
[illegible]						

AMERICANS

1990 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]							

AMERICANS—Contd

1990 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21⅞	13¼	Chase Manhattan $12½	13⅜	-⅜	$2.36	-	10.1
19¼	14	Chem. Banking Corpn.	14¼	.....	$2.72	-	10.8
[illegible]							

CANADIANS

[illegible]							

Continued on next page

APPOINTMENTS

Unichem chairman

■ Lord Rippon of Hexham has been appointed chairman of UNICHEM. He takes over from Mr David Mair who remains on the board as deputy chairman. Lord Rippon is president of Invesco, and chairman of Dun & Bradstreet, Robert Fraser Group, Michael Page Group, and Brassey's Defence Publishers.

■ Mr Bryan Hines, ICI's general manager, insurance and investments, and Mr Mark Cornwall-Jones, formerly a director of John Govett & Co, have been appointed directors of GOVETT STRATEGIC INVESTMENT TRUST. Mr John Foulds, a director, has resigned from the company, and becomes chairman of the Halifax Building Society on August 1.

■ RHM FOODS has made the following appointments. Mr Peter Owen-Ward becomes commercial director of the newly-created Robertson's Group. He has been with RHM since 1969. Mr Andrew Brown is made commercial director of McDougalls Group. He was manager at Wythenshawe. Mr John Breeze has been promoted to distribution director from distribution controller. Mr Brian Metcalfe is promoted to buying director from buying and logistics controller.

■ Mr Mike Daly has been appointed managing director of GRiD UK, Esher, part of the Tandy Group. He was managing director of Altos Computers UK.

■ Mr Alex Steel has been appointed sales manager and director-designate of BEATTY HOMES (SCOTLAND), Paisley.

Chairman of GEC-Marconi

■ THE GENERAL ELECTRIC COMPANY has appointed Sir Geoffrey Pattie, MP, as chairman of GEC-Marconi, at Stanmore, Middlesex.

■ Mr Trevor Barker has been appointed a non-executive director of the SLB GROUP, Kendal. He is chairman of the Micklegate Group, and of the Croft and Blackburn Group.

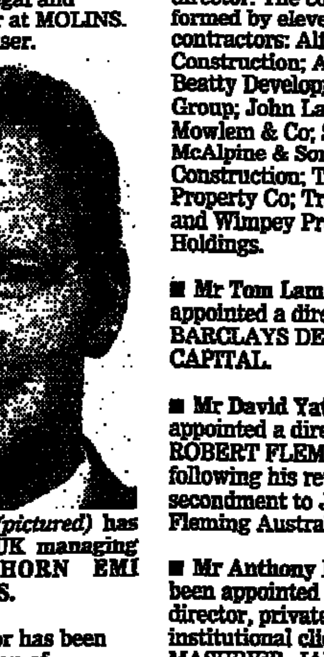
■ OUTOKUMPU METALS & RESOURCES INTERNATIONAL, Wimbledon, has appointed Mr Michal A.L. Cook as chief economist. He was a director of Commodities Research Unit.

■ DATA GENERAL has appointed Mr Bill Cadogan as director, services division. He was managing director of Mega Systems.

■ Mr Fred Thompson has become chairman of the OLEO PNEUMATIC GROUP. He was managing director, and remains chief executive, of the engineering division of Wagon Industrial Holdings. Mr Bob Elden becomes managing director of the Oleo Group. Mr Derek Reid becomes manufacturing director.

■ Mr P. Johnson becomes chairman of THURGAR BARDEX from October 1, succeeding Mr A. Collin who resigns on September 30, but remains a non-executive director. Mr A.T.L. Kings retires on July 31, but remains a non-executive director. Mr G.A. Hunt has retired.

■ Mr J. Clive Humphries has been appointed legal and contracts director at MOLINS. He was legal adviser.



Mr Chris Allen (*pictured*) has been appointed UK managing director of THORN EMI SOFTWARE TECS.

■ Mr Brian Taylor has been appointed chairman of BLOCKLEYS, Telford, and will continue as managing director. He succeeds Mr T.J.B. Wright who has retired.

■ Mr Robert Gunn, chairman of BOOTS, will retire at the annual meeting on July 26. He will be succeeded by Sir Christopher Benson.

■ Mr Peter Hedges takes over from Mr Martin Laing as chairman of BRITISH URBAN DEVELOPMENT. Mr Hartley Booth, formerly chief executive, becomes deputy chairman, and Mr John Morgan becomes managing director. The company was formed by eleven major contractors: Alfred McAlpine Construction; AMEC; Balfour Beatty Developments; Costain Group; John Laing; John Mowlem & Co; Sir Robert McAlpine & Sons; Tarmac Construction; Taylor Woodrow Property Co; Trafalgar House; and Wimpey Property Holdings.

■ Mr Tom Lamb has been appointed a director of BARCLAYS DEVELOPMENT CAPITAL.

■ Mr David Yates has been appointed a director of ROBERT FLEMING & CO following his return from secondment to Jardine Fleming Australia.

■ Mr Anthony Hilsden has been appointed executive director, private and institutional clients, at LE MASURIER, JAMES & CHINN, stockbrokers, Jersey.

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	209	ANZ SA1	225	+2	44c	1.4	8.8	8.0
214	172	Abbey National 10p	208	–1	5.7	4.3	3.7	8.4
*274	210	Allied Irish Ord	220		Q40%	3.3	4.2	9.6
£13¾	£11¼	Algemene Fl.10	£11¼		Q28%	2.1	7.8	6.0
85	63	Anglo Irish	68		Q18.7%	2.7	6.5	9.3
83	68	Ansbacher (H.) 1p	82		2.5	1.3	4.1	23.6
£71¾	£54¼	Bancaire Cie Fr100	£57½	–2½	Q12½%	–	2.2	–
£22¾	£16¾	Banco Bilbao V½	£19½	+¼	Q41%	2.7	4.3	12.6
£31	£24¼	Banco de Santander	£28¼		Q25%	2.4	4.0	10.5
286	224	Bank Ireland Ir£1	240	–4	Q14.7%	2.9	5.8	8.0
£19½	£18	Bank Leumi	£19½			–		–
350	320	Bank Leumi (U.K.)	345		13.5	–	4.9	–
125	104	Bank Scotland	118		4.55	3.3	5.1	7.8
160¾	83¼	Do 9¾pc Irrd Pf	95	–½	9¾%	–	13.0	–
54	33	Bank of Wales	52		2.9	0.3	7.3	25.0
428	352	Barclays £1	391	–4	19.5	3.5	6.7	5.4
22	12	Benchmark 20p	14		1.63	1.0	15.5	8.0
335	313	Brown Shipley £1	313		12.0	2.2	5.1	10.1
435	341	Cater Allen £1	360	–6	N24.5	♦	9.1	♦
179	114	Chancery	114		9.0	2.7	10.5	4.6
£23¾	£18¾	Commerzbk DM10	£20¼	+¼	Q18%	–	3.3	–
£13½	843	Dai Ichi KBk Y50	895	–6	Q17%	♦	0.4	♦
£313¾	£261	Deutsche Bk DM50	£279	+1	Q28%	–	1.8	–
£20¾	£18½	Espirito Santo	£18½		Q75c	5.1	2.4	–
253	183	First Nat. Fin 10p	200		13.0	2.4	8.9	6.0
121	96	FNFC 6.3pc Cv Pf	100		6.3%	–	8.4	–
£13½	963	Fuji Bank Y50	970		Q17%	♦	0.3	♦
325	262	Gerrard & National	290	–6	19.0	♦	8.7	♦
154	122	Guinness Mahon 10p	122		2.1	–	2.3	–
328	223	Hambros 20p	271	–1	11.5	–	5.7	–
126	93	Do 7.5pc Cv Pf	114		7½%	–	8.8	–
53½	42	Hk. & Shang HK$2.50	43		hQ38c	–	6.7	–
478	456	Joseph (Leo) £1	453		15.85	–	4.6	–
150	126	King & Shaxson 20p	142	–1	10.25	♦	9.6	♦
422	340	Kleinwort Benson Grp	364	+1	16.0	2.5	5.9	9.2

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¤ Not officially listed.
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. γ	830xd	......
Finlay Pkg. 5p.... γ	53	......
Holt (Jos) 25p..... γ	1310	......

IRISH

Cap. 8½% Ln. 1991	£98¼	......
9pc Cap Ln. 1996..	£96¼	......
Fin. 13% 97/02..	£114	......
Arnotts..............	192	......
Carrol (P.J.)....... γ	125	-1
Hall (R. & H.).......	165	......
Heiton Hldgs....... γ	75	......
IRG..................	200	......
United Drug..........	160	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	7
Aslec (BSR)	6
BAT	62
BOC Grp	48
BTR	37
Barclays	34
Blue Circle	21
Boots	24
Bowaters	40
Brit Aerospace	47
British Steel	13
Brit. Telecom	25
Cadburys	30
Charter Cons	42
Comm Union	41
Courtaulds	29
Eurotunnel	35
FKI	7
FNFC	20
Gen Accident	99
GEC	18
Glaxo	68
Grand Met	53
Guardian	20
GKN	33
Hanson	20
Hawker Sidd	53
ICI	99
Ladbroke	27
Legal & Gen	34
Lex Service	28
Lloyds Bank	25
Lucas Inds	13
Marks & Spencer	19
Midland Bk	24
Nat West Bk	30
P & O Dfd	52
Polly Peck	39
Racal Elect	19
RHM	30
Rank Org Ord	70
Reed Intnl	38
STC	21
Sears	9
SmKl. Beecham A	48
TI	39
TSB	11
Tesco	19
Thorn EMI	62
Trust Houses	24
T&N	18
Unilever	58
Vickers	19
Wellcome	57

Property	
Brit Land	32
Control Secs	4
Land Securities	48
MEPC	45
Mountleigh	13

Oils	
Aviva Petlm	5
Brit Petroleum	28
Burmah Oil	55
Conroy Petlm	10
Gaelic Res	3½
Premier	9
Shell	40
Tuskar Res	5½
Ultramar	31

Mines	
Lonrho	21
RTZ	50

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	49.37	49.97	53.15	+0.10	3.16
Gilts & Fixed Int	6	104.8	104.8xd	111.3	.....	9.88
High Inc Equity	6	134.7	134.7xd	144.0	-0.7	4.41
Worldwide Bond	6	186.4	186.4	197.8	.....	6.52
Capital Growth						
American Growth	6	184.9	186.6	198.5	+0.3	1.17
Asian Pacific	6	137.5	140.6	149.5	+0.5	0.00
Assets & Earnings	6	158.3	162.0	172.3	-0.7	2.81
Capital Reserve Acc	0	93.40	93.40	93.59	-0.08	7.63
Capital Reserve Inc	0	78.50	78.50	78.66	-0.06	7.63
Commodity & Energy	6	89.66	91.90	97.76	-0.26	0.00
Dividend & Growth	6	47.13	48.21xd	51.28	.....	4.39
1992 Enterprise	6	62.91	64.23	68.32	-0.16	1.96
Euro Capital Acc	6	103.3	104.7	111.3	+0.2	0.89
Euro Capital Inc	6	99.13	100.4	106.8	+0.1	0.89
General	6	177.2	180.8	192.3	-0.9	2.60
International	6	60.28	61.10	64.99	+0.02	0.77
Japan	6	101.1	101.9	108.3	+0.3	0.00
Mastertrust	6	89.49	89.49	95.71	.....	1.55
UK Growth Acc	6	175.9	183.8	195.5	-0.3	2.54
UK Growth Dist	6	114.9	120.1	127.7	-0.2	2.54
US Emerging Cos	6	58.45	59.92	63.74	+0.12	0.00
Income & Growth	6	301.9	308.8	328.5	-2.1	3.12
Ethical	6	47.73	48.94xd	52.06	-0.08	1.92

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	31.64	31.74	33.88	+0.06	2.33
European	5¼	91.49	91.63	97.81	-0.45	0.00
European Income	5¼	88.10	88.10xd	94.03	-0.24	1.39
Exempt	1	755.5	755.5	780.7	-4.4	3.22
Exempt Income	3¼	174.4	174.4xd	184.6	-1.3	4.68
Exempt American	3¼	379.7	379.7	397.8	+0.5	1.43
Exempt Pacific	3¼	262.5	262.5xd	274.8	-1.4	0.00
Extra Income	5¼	42.63	42.63xd	45.51	-0.11	5.58
F East Emerg Ecns	5¼	63.11	63.46xd	67.97	-0.17	0.00
Fund Inv Tst	5	129.0	134.5	143.6	-0.7	1.30
Do Accum	5	203.9	212.6	226.9	-1.1	1.30

Pilgrim Unit Trust Mngmt Ltd (0830)F
39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ
Administration & Dealing:
Unit Trust Accounting & Management Ltd
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	6	-	-	50.00	.....	0.4
European	6	-	-	50.00	.....	0.00
Global	6	-	-	50.00	.....	0.5
Pacific	6	-	-	50.00	.....	0.00
UK Income & Growth	6	-	-	50.00	.....	4.00

Premium Life Unit Trust Managers Ltd
37 Perrymount Rd, Haywards Heath 0444 458721

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Monthly Income	6	45.91	47.44	50.29	-0.45	5.53

Principal Unit Trust Mngmt Ltd (1600)F
16 South Park, Sevenoaks, Kent TN13 1AN 0732 740700

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Principal Tst	5¼	97.07	98.53	104.82	.....	3.50

Prolific Unit Tst Mngrs Ltd (1100)F
222 Bishopsgate, London EC2 071-247 7544/7

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Income	5	60.80	60.80	64.68	+0.22	4.13
Conv & Gilt	5	110.2	110.2xd	117.2	-0.5	7.94
Euro Grth & Inc	5	62.78	62.78	66.92	-0.08	1.35
Extra Income	5	134.9	134.9xd	143.5	-0.8	5.03
Far East	5	264.1	264.1	281.5	-2.7	0.01
High Income	5	87.11	87.11	92.67	-0.40	4.85
International	5	162.8	162.8	173.1	-0.4	0.14
Nth American	5	148.6	148.6	158.4	+0.2	0.29
Pref & Fxd Int	5	35.69	35.69	38.00	-0.08	10.44
Special Sits	5	111.6	111.6xd	118.9	-0.1	1.56
Technology	5	151.2	151.2xd	160.8	+0.4	0.09

Scottish Amicable Ut Tst Mngrs Ltd (1200)H
150 St Vincent St., Glasgow G2 5NQ 041 204 2100

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Income	6	40.60	41.61	44.31	.....	.....
Equity Tst (10-1)	6	44.81	45.79	48.27	.....	.....

Scottish Equitable Fd Mgrs Ltd (1000)H
28 St Andrews Sq, Edinburgh 031-558 1051

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT MANAGED FUNDS SERVICE

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Black Horse Life Ass. Co Ltd – Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Cont'l Eur Gwth Fd	104 63	110 14	–0 41	–
Nth Amer S.C. & Rcvy	150.29	158.20	–2.32	–
Property Fd	318.89	335 68	+2.17	–
Fixed Interest Fd	208 82	219 82	–0 15	–
Cash Fd	222.24	233 94	+0 05	–
Managed Fd		546 49	–1.38	–
Pension Funds				
Managed Pen Fd	141.39	148.84	–0 27	–
Fixed Int. Pen Fd	104.31	109.80	–0.06	–
Property Pen Fd	151 97	159 97	+0 02	–
Cash Pen Fd	129.13	135.93	+0 05	–
UK Equity Pen Fd	129 47	136.29	–1 08	–
Nth Amer Pen Fd	120.38	126.72	–1 13	–
European Pen Fd	157 94	166.26	–0 6	–
Far East Pen Fd	109.58	114.79	+0.07	–
Abtrust Funds				
Managed Growth	372.66	392.28	–3.36	–
Managed Income	137.81	145 07	–0 66	–

Britannia Life Ltd

190 West George St, Glasgow G2 2PA. 041-332 6462

	Bid Price	Offer Price	+ or –	Yield Gross
Pens Baland Gth Fd Ca.	34 90	37 40	–0 10	–
Pens Balncd Gth Fd Ac.	43.50	46 70	–0.10	–
Cash Deposit Cap	27.50	29.50	...	–
Cash Deposit Accum.	34.20	36.70		–

CCL Assurance Ltd

74 Shepherds Bush Green, W12 8SD 081-740 7070

Life Funds

	Bid Price	Offer Price	+ or –	Yield Gross
UK Equity	206	217.3	+0.2	–
American Equity	141.7	149.5	–0.4	–

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or –	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA				0733 63212
Prop Unit (Gross)	168 9	177 8		–
Prop. Acc (Gross)	289 6	304 9	+0 1	–
Equity (Gross)	811 7	854.4	–5.2	–
Managed (Gross)	567 2	597 1	–2.5	–
Prop Acc (Net)	134 8	141 9		–
Equity (Net)	187 2	197 1	–1 1	–
Managed (Net)	173.0	182 2	–0.7	–
International (Net)	166 1	174 9	–0.3	–
Gilt & Fxd Interest	105 0	110 6	+0 1	–
Money Fund	116 7	122 9	+0.1	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	574.2	604 5	–2 7	–
Ret Man (Series 2)	194.7	205 0	–1 0	–
Ret Man (Series 3)	129 9	129 9	–0 5	–
Ret Cash	156.7	165 0	+0.1	–
Ret Cash (Series 3)	130 2	130 2	+0 1	–
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ				0272 230271
Life Funds				
Managed Aggressive	104 7	110 3		–
Managed Balanced	98.1	103 4	–0 2	–
Managed Cautious	94 4	99 4	–0 3	–
Pension Funds				
Managed Aggressive	105 7	111.3		–
Managed Balance	99 7	105 0	–0 2	–
Managed Cautious	95.4	100.4	–0 4	–
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool				051-928 6655
Managed Fund	324 4	341 5	...	–
Man Pens Inc & Cap Fds	433 2	456.1	...	–
Money Fund	131 4	138 4	...	–
Pens Mngd Fd (Init)	115.9	122.0	...	–
Pens Mngd Fd (Acc)	149.5	157 4	...	–
Pens FT30 Fd (Init)	147.0	154 8	...	–
Pens FT30 Fd (Acc)	189 5	199 5	...	–
Pens O'seas MgFd(Init)	79.1	83.3		–
Pens O'seas MgFd(Acc)	102 0	107.4	...	–

	Bid Price	Offer Price	+ or –
Prudential Assurance Co			
Holborn Bars, London EC1N 2NH			
Prufund			
Managed July 7	250 0	260 5	
Prudential Holborn Life Ltd			
30 Old Burlington St, London W1X 1LB			
Holborn Series I Life Funds			
Managed	554 9	584 2	[illegible]
Equity	1134 1	1193 8	[illegible]
Fixed Interest	378.8	398 8	[illegible]
Property	432 9	455 7	
Cash	288 7	303 9	[illegible]
International	391 0	411.6	[illegible]
Holborn Series II Life Funds			
Managed	542.5	571 1	[illegible]
Equity	1105 7	1163 9	[illegible]
International	382.3	402 5	[illegible]
Fixed Int	367 9	387 3	[illegible]
Property	420 7	442 9	
Cash	280 8	295 6	[illegible]
Pacific Basin	204 8	215 6	[illegible]
North American	147 2	155 0	[illegible]
European	190 8	200 9	[illegible]
Holborn Balanced Gwth	114 4	120 5	[illegible]
Holborn Strategic Gwth	114 5	120.6	[illegible]
Prudential Holborn Pensions Ltd			
30 Old Burlington St, London W1X 1LB			
Managed	577 6	608 1	[illegible]
Equity	837 7	881 8	[illegible]
Global Equity	241 7	254 5	[illegible]
Fixed Interest	409 4	431 0	[illegible]
Property	432 7	455.5	
Cash	180 4	189.9	[illegible]
Index Linked Gilt	206 3	217 2	[illegible]
Guaranteed	13 75		[illegible]
International Money	209 6	220 7	[illegible]
North American	71 4	75 2	
Japanese	124 8	131 4	[illegible]
European	113 9	119 9	[illegible]
Special Situations	118 9	125 2	[illegible]

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or −	Yield Gross
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$11.03	11.09		—
Stronghold Asset Mngmt (Guernsey) Ltd				
Tech and Comm	$13.12	13.92		—
Pacific Basin Fd	$99.58	105.64		—
Western European	$17.26	18.40		—
The Thai-Euro Fund Ltd				
Lloyds Bank Fund Mngrs (Guernsey) Ltd				
NAV June 29		25.30		—
Tyndall International (Guernsey) Ltd				
Capital Defender	$1.26	1.35	(z)	—
Hi Yield Bond	62.0	65.2		—
Internat. Spec. Sits	45.9	48.3		—
Marunouchi Fd	88.8	93.3	+0.8	—
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$713.71			—
Fixed Income Shares	$832.91			—
Wellington Fd Mngrs (Guernsey) Ltd				
Intl Growth Fd	$14.02	14.72		—
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mkts Growth	$12.43		+0.05	—
Yamaichi ISS Fund	$8.90		−0.03	—
Yamaichi CB Plus Fund	$9.29		−0.01	—
Thai Inv Fund	$13.78		−0.16	—

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
AIG Fund Management Ltd "MI Trusts"						
MI Global Dollar	5	—	1.02	1.10	+0.01	—

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)H

Lord Street, Douglas, IoM 0624 661551

	Bid Price	Offer Price	+ or −	Yield Gross
Allied Irish Fund Managers—Contd.				
Do Sterling Equivalent	£21.5336		+0.0626	—
Ecu	Ecu13.0918		+0.0222	—
Irish Gilt Fd	I£191.1324		+0.2432	—
Intl Managed Dollar	$24.0675		+0.0384	—
Intl Managed Bond	I£21.3845		+0.0430	—
Barclays Intl Funds				
Currency Funds				
Sterling	£18.17			13.8
US Dollar	$29.09		+0.01	6.9
Deutschemark	DM49.93		−0.02	6.7
Yen	Y3,724		+0.001	5.9
Managed Multicurrency	£12.14	12.58	+0.01	—
Managed Multicurrency	$23.77	24.61		—
Bond Funds				
Sterling Bond	£0.985	0.400	+0.001	11.9
US Government Income	$95.78	99.20	+0.02	8.1
Brown Shipley Fund Mgmt (CI) Ltd				
Sterling Bd&X(Daily)	£8.83	9.13	−0.06	10.95
Sterling Cap (Daily)	£32.10	32.11	+0.01	—
Intl. Bond (Daily)	$15.25	16.27	−0.05	7.93
Int Currency (Wed)	£1.49	1.52		7.89
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.79	7.10		16.90
CA Gilt & Futures	939.00	987.00	−24.00	8.10
CA Equity Grth(2-1)	£4.68	5.08		3.94
Citibank (CI) Ltd "Citifunds"				
Liquidity Funds				
Deutschmark	DM26.925		+0.004	—
Yen	Y2721.692		+0.369	—
Sterling	£10.281		+0.004	—
US Dollar	$14.460		+0.004	—
Managed	$16.196		+0.005	—
Short Term Investment Funds				
Irish £ July 5	98.595		+0.156	—
Equity Funds				
Global Equity	$17.489		+0.104	—
Japan Equity July 5	$12.154		+0.498	—
European Equity July 2	$16.562		+0.372	—
US Em Hlth July 2	$12.978		+0.085	—
US Spec Sits July 2	$15.021		+0.020	—
US Em Tech July 2	$14.471		+0.079	—
Citicare July 2	$19.854		+0.131	—
Bond Funds				
Global Bond	$13.387		+0.050	—
GNMA Bond July 2	$12.129	12.144	−0.007	—
HYB (A) July 2	$77276.407		−33.157	—
EBC Trust Company (Jersey) Ltd				

LUXEMBOURG (SIB RECOGNISED)

Abbey Global Investment Fund

41 Ave de la Gare, L-1611 Luxembourg

AEtna Federated Intl Mngrs (Lux) SA

14 Rue Leon Thyes L-2636 Luxembourg

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or −	Yield Gross
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90:10 Trust (Shares)				
Dollar Fd BOPUPs	$10.30	10.31		—
Dollar Fd OPUPs	$9.51	9.57		—
Sterling Fd BOPUPs	£10.36	10.37		—
Sterling Fd OPUPs	£9.89	9.95		—
DM Fd BOPUPs	DM10.12	10.13		—
DM Fd OPUPs	DM9.25	9.30		—
Yen Fd BOPUPs	$7.73	7.74		—
Yen Fd OPUPs	$9.37	9.43		—
Wardley Investment Services Ltd				
Wardley S E. Asia Tst	$13.58	14.27	+0.11	0.56
Japanese Warrants	$10.26	10.87	+0.08	—
Asian Warrants	$10.40	11.02	+0.03	—
European Warrants	$10.59	11.22	−0.03	—
Managed	HK$9.90	10.55	+0.03	—
Wells Fargo U.S. IT Fund				
NAV July 3		$10.11		—
Xiphias International Investment Fd Ltd				
Xiphias Int USD		$1.0253		—
Xiphias Int ECU		Ecu1.0241		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	14.60	—	15.42	3-Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	14.75	—	15.59	3-Mth
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	14.80	—	15.64	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX.			071-236 1425	
Call Fnd	14.63	11.41	15.65	6-Mth
7-day Fund	14.75	11.50	15.78	6-Mth
Special Fund	14.86	—	16.31	1-Mth
Dollar	7.00	5.46	7.43	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY.			071-638 6070	
Treasury Acc	13.50	10.53	14.60	Qtr
Mth Inc Chq £1,000-£4,999	13.50	10.53	14.73	Mth
Mth Inc Chq £5,000-£49,999	14.00	10.92	15.31	Mth
Mth Inc Chq £50,000+	14.50	11.31	15.88	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			071-629 6802	
DMINA (£2,001+)	14.78	11.53	16.210	Mth
HICA (£2,001+)	13.90	10.84	15.196	Mth
PROMINA (£250,001+)	14.90	11.62	16.349	—
American Express Bank Ltd				
c/o American Express Financial Services Limited, 49 The Martlets, Burgess Hill, West Sussex, RH15 9NW 0444 870088				
High Performance Cheque Account				
£1,000-£4,999	12.16	9.50	12.87	Mth
£5,000-£9,999	12.30	9.60	13.01	Mth
£10,000-£24,999	12.81	10.00	13.59	Mth

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling eases on profit taking

STERLING SUFFERED from profit taking in late European trading, finishing towards the bottom of the day's range. Underlying sentiment remained strong however, on speculation that the currency will become a full member of the European Monetary System in the near future. High interest rates also supported sterling, with Mr John Major, Chancellor of the Exchequer, warning Parliament that "The volume of credit being advanced at the moment is still higher than I would wish to see, and of course that does mean we will retain a level of interest rates higher than otherwise it would be."

The pound tested resistance at DM2.95, rising to a peak of DM2.9525, but fell back to close in London at DM2.9350, against DM2.9400 on Wednesday. Sterling also lost 45 points to finish at \$1.7805, while declining to FFr9.8550 from FFr9.8575. On the other hand it rose to SFr2.4900 from SFr2.4825 and to Y268.50 from Y267.50. The pound's index was unchanged at 92.7.

The dollar gained early support from a report in yesterday's *Financial Times* that a group of prominent people in the Soviet Union had warned the leadership about the danger of a military coup. This helped the US currency return above Y150, but traders were reluctant to take out new dollar positions ahead of today's US employment data. The market expects growth in June non-farm payrolls to remain relatively weak, at around 100,000 against a rise of 164,000 in May, with the unemployment rate unchanged at 5.3 per cent. If the employment news is weak it will encourage speculation about an easing of the Federal Reserve's monetary stance, increasing pressure on the dollar.

At last night's close in London the dollar had improved to Y150.75 from Y149.80; to DM1.6490 from DM1.6470; to SFr1.3990 from SFr1.3910; and to FFr5.5350 from FFr5.5225. Its index rose to 66.1 from 65.9.

Within the exchange rate mechanism of the EMS the high yielding Spanish peseta remained very firm, touching its maximum limit against the weakest placed French franc. In Paris the peseta was fixed at FFr5.4730 per 100, against FFr5.4700 on Wednesday. It closed in London at FFr5.4775 per 100 pesetas, only slightly below its highest allowed level of FFr5.4785. There was no sign of intervention by the Bank of France and the French authorities appeared to be relatively relaxed as the franc held steady against the D-Mark, but dealers said that if the situation continued the Bank of Spain would be obliged to stem the peseta's advance..

In Brussels a statement from Mr Wilfried Martens, the Belgian Prime Minister, said that his country and Luxembourg - linked together via the pact to maintain parity between the Belgian and Luxembourg francs - are in agreement on a strong currency policy. In effect this is likely to bind both currencies closer to the D-Mark.

£ IN NEW YORK

July 5	Latest	Previous Close
£ Spot	1.7800-1.7810	1.7760-1.7770
1 month	1.01-1.00pm	1.01-1.00pm
3 months	2.88-2.86pm	2.81-2.78pm
12 months	9.57-9.50pm	9.30-9.20pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 5	Previous
8.30 am	92.7	92.6
9.00 am	92.9	92.7
10.00 am	92.9	92.8
11.00 am	92.9	92.8
Noon	92.9	92.8
1.00 pm	92.9	92.7
2.00 pm	92.9	92.7
3.00 pm	92.9	92.8
4.00 pm	92.7	92.7

CURRENCY RATES

July 5	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.751710	0.700905
U.S Dollar	7	1.33188	1.25231
Canadian $	13.32	1.54804	1.45543
Austrian Sch.	6½	15.5311	14.5455
Belgian Franc	10¼	45.3538	42.5002
Danish Krone	10½	8.39617	7.86574
Deutsche Mark	6.00	2.20693	2.06681
Neth. Guilder	7.00	2.48329	2.32741
French Franc	10¼	7.40325	6.93590
Italian Lira	13½	1620.00	1516.17
Japanese Yen	5¼	202.046	188.535
Norway Krone	8	8.47875	7.94526
Spanish Peseta	-	135.406	126.759
Swedish Krona	11	7.99794	7.50696
Swiss Franc	6.00	1.86530	1.75010
Greek Drach.	20½	216.32	202.335
Irish Punt	-	0.825103	0.770461

† European Commission Calculations.
* All SDR rates are for July 4

CURRENCY MOVEMENTS

July 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.7	-19.7
U.S Dollar	66.1	-12.2
Canadian Dollar	103.9	+1.3
Austrian Schilling	109.3	+11.4
Belgian Franc	111.1	-2.4
Danish Krone	110.3	+4.6
Deutsche Mark	118.1	+23.8
Swiss Franc	113.8	+22.5
Guilder	114.0	+15.7
French Franc	104.3	-12.4
Lira	101.1	-18.4
Yen	121.4	+50.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)**Rates are for July 3 .

OTHER CURRENCIES

July 5	£	$
Argentina	9391.75 - 9430.00	5260.00 - 5280.00
Australia	2.2325 - 2.2345	1.2505 - 1.2515
Brazil	111.250 - 112.500	62.300 - 62.900
Finland	6.8885 - 6.9100	3.8610 - 3.8640
Greece	286.50 - 291.00	160.45 - 163.05
Hong Kong	13.8925 - 13.9060	7.7800 - 7.7820
Iran	121.40*	68.20*
Korea(Sth)	1266.60 - 1287.00	713.10 - 718.70
Kuwait	0.51790 - 0.51940	0.29120 - 0.29190
Luxembourg	60.30 - 60.40	33.85 - 33.95
Malaysia	4.8260 - 4.8380	2.7045 - 2.7065
Mexico	5106.00 - 5124.00	2860.00 - 2870.00
N Zealand	3.0200 - 3.0245	1.6940 - 1.6960
Saudi Ar.	6.6685 - 6.6740	3.7495 - 3.7505
Singapore	3.2600 - 3.2675	1.8300 - 1.8320
S. Af (Cm)	4.7070 - 4.7185	2.6440 - 2.6445
S. Af (Fn)	7.0780 - 7.2205	3.9685 - 4.0485
Taiwan	48.00 - 48.65	27.15 - 27.25
U.A.E.	6.5300 - 6.5370	3.6720 - 3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Jul 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15¼-15	15⅛-14⅞	15-14⅞	15-14⅞	14⅞-14⅞	14⅞-14⅞
US Dollar	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅝-8¼	8⅛-8⅛
Can. Dollar	13½-13¼	13⅜-13⅛	13⅜-13⅛	13⅜-13⅛	13⅜-13⅛	13⅛-12⅞
D. Guilder	7⅝-7½	7⅞-7⅝	8-7⅞	8¼-8⅛	8⅜-8⅜	8⅜-8⅛
Sw. Franc	9⅜-9⅛	9⅜-9⅛	9⅛-9	9⅛-8⅞	8⅞-8⅞	8⅞-8⅞
Deutschmark	8⅛-7⅞	8⅛-7⅞	8⅛-8	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛
Fr. Franc	10⅛-10	10⅛-10	10-9⅞	10⅛-9⅞	10⅛-10⅛	10⅛-10⅛
Italian Lira	13-11	10½-9½	11-10½	11⅛-10⅞	11⅛-11	11⅞-11⅞
Belgian Franc	9⅝-9½	9⅛-9⅛	9½-9⅜	9½-9⅜	9⅛-9⅛	9⅛-9⅛
Yen	7⅜-7¼	7⅞-7⅞	7½-7⅜	7⅝-7½	7⅞-7⅞	7⅞-7⅞
D.Krone	10¼-10	10¼-10	10⅛-10⅛	10⅞-10⅛	10⅞-10⅛	10⅛-10⅛
Asian $Sing	8¼-8¼	8¼-8¼	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛

Long term Eurodollars: two years 8⅞-8⅞ per cent; three years 8⅞-8⅞ per cent; four years 9-8⅞ per cent; five years 9⅛-9 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a
US	1.7775 - 1.7910	1.7800 - 1.7810	1.01-0.99cpm	6.74	2.87-2.85pm	6.43
Canada	2.0690 - 2.0785	2.0690 - 2.0700	0.27-0.19cpm	1.33	0.73-0.60pm	1.28
Netherlands	3.30¼ - 3.32¼	3.30¼ - 3.31¼	2-1⅞cpm	7.02	5⅛-5¼pm	6.42
Belgium	60.30 - 60.85	60.30 - 60.40	32-24cpm	5.55	89-70pm	5.25
Denmark	11.17¼ - 11.24	11.17¼ - 11.18¼	4⅛-3¼orepm	4.35	12⅛-10⅞pm	4.15
Ireland	1.0945 - 1.1025	1.0960 - 1.0970	0.50-0.45pm	5.20	1.40-1.30pm	4.92
W. Germany	2.93¼ - 2.95¼	2.93¼ - 2.93¼	1¼-1⅛pfpm	6.87	4⅛-4⅛pm	6.36
Portugal	257.30 - 259.75	257.35 - 258.35	59-21cpm	1.86	78-4pm	0.64
Spain	179.75 - 181.10	179.90 - 180.20	3-4cdis	-0.23	3-7dis	-0.11
Italy	2153 - 2166¾	2153 - 2154	7⅛-5⅞lirepm	3.61	19½-17½pm	3.43
Norway	11.28¼ - 11.35	11.28¼ - 11.29¼	4⅛-3¼orepm	3.91	10¼-9⅛pm	3.63
France	9.85 - 9.90¼	9.85 - 9.86	4¼-4cpm	5.00	11⅛-11⅛pm	4.68
Sweden	10.64¼ - 10.72¼	10.65 - 10.66	2⅛-2⅛orepm	2.80	6⅛-5⅛pm	2.27
Japan	268 - 269½	268 - 269	1⅛-1⅝ypm	7.53	4⅛-4⅝pm	6.97
Austria	20.64 - 20.77	20.64 - 20.67	11½-10½gropm	6.39	32-29⅛pm	5.98
Switzerland	2.48½ - 2.50	2.48½ - 2.49½	1¼-1⅛cpm	5.71	3½-3⅜pm	5.51
ECU	1.4185 - 1.4250	1.4225 - 1.4235	0.59-0.56cpm	4.92	1.59-1.54pm	4.47

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.49-5.44cpm 12 month 9.60-9.50cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7775 - 1.7910	1.7800 - 1.7810	1.01-0.99cpm	6.74	2.87-2.85pm	6.43
Ireland†	1.6205 - 1.6290	1.6270 - 1.6280	0.28-0.23cpm	1.88	0.74-0.64pm	1.69
Canada	1.1610 - 1.1640	1.1630 - 1.1640	0.50-0.53cdis	-5.32	1.46-1.51dis	-5.11
Netherlands	1.8535 - 1.8635	1.8565 - 1.8575	0.06-0.04cpm	-0.32	0.06-0.03pm	-0.10
Belgium	33.85 - 34.05	33.85 - 33.95	1.00-5.00cdis	-1.06	4.00-14.00dis	-1.06
Denmark	6.27 - 6.30	6.27½ - 6.28	1.12-1.32oredis	-2.33	3.10-3.80dis	-2.20
W. Germany	1.6455 - 1.6555	1.6485 - 1.6495	0.03-0.01pfpm	0.15	0.04-0.02pm	0.07
Portugal	144.65 - 145.10	144.65 - 144.75	50-65cdis	-4.76	190-230dis	-5.79
Spain	100.95 - 101.45	101.00 - 101.10	55-58cdis	-6.70	160-167dis	-6.47
Italy	1207 - 1213¼	1209¼ - 1209¾	2.80-3.30liredis	-3.02	8.40-9.30dis	-2.93
Norway	6.33¼ - 6.36	6.34 - 6.34½	1.25-1.60oredis	-2.70	4.10-4.50dis	-2.71
France	5.52¼ - 5.55¼	5.53¼ - 5.53¾	0.75-0.80cdis	-1.68	2.27-2.37dis	-1.68
Sweden	5.97¾ - 6.00¾	5.98¼ - 5.98¾	1.84-1.99oredis	-3.83	5.80-6.45dis	-4.09
Japan	150.05 - 151.00	150.70 - 150.80	0.12-0.10ypm	0.88	0.27-0.24pm	0.68
Austria	11.58¾ - 11.64	11.61½ - 11.62	0.20-0.60grodis	-0.41	0.60-1.70dis	-0.40
Switzerland	1.3930 - 1.4020	1.3985 - 1.3995	0.08-0.11cdis	-0.82	0.24-0.30dis	-0.77
ECU	1.2500 - 1.2555	1.2515 - 1.2525	0.19-0.18cpm	1.79	0.62-0.59pm	1.95

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.5002	+0.79	+0.41	±1.5508
Danish Krone	7.79845	7.86574	+0.86	+0.48	±1.6453
German D-Mark	2.04446	2.06681	+1.09	+0.71	±1.1762
French Franc	6.85684	6.93590	+1.15	+0.77	±1.3618
Dutch Guilder	2.30358	2.32741	+1.03	+0.65	±1.5272
Irish Punt	0.763159	0.770461	+0.96	+0.58	±1.6689
Italian Lira	1529.70	1516.17	-0.88	-1.26	±1.5162
Spanish Peseta	132.889	126.759	-4.61	-4.61	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 5	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.781	2.935	268.5	9.855	2.490	3.308	2154	2.070	60.35
$	0.561	1	1.648	150.8	5.533	1.398	1.857	1209	1.162	33.89
DM	0.341	0.607	1	91.48	3.358	0.848	1.127	733.9	0.705	20.56
YEN	3.724	6.633	10.93	1000.	36.70	9.274	12.32	8022	7.709	224.8
F Fr.	1.015	1.807	2.978	272.5	10.	2.527	3.357	2186	2.100	61.24
S Fr.	0.402	0.715	1.179	107.8	3.958	1	1.329	865.1	0.831	24.24
H Fl.	0.302	0.538	0.887	81.17	2.979	0.753	1	651.1	0.626	18.24
Lira	0.464	0.827	1.363	124.7	4.575	1.156	1.536	1000.	0.961	28.02
C $	0.483	0.860	1.418	129.7	4.761	1.203	1.598	1041	1	29.15
B Fr.	1.657	2.951	4.863	444.9	16.33	4.126	5.481	3569	3.430	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
80	4-00	5-09	0-22	0-51
81	3-11	4-27	0-33	1-05
82	2-29	3-48	0-51	1-26
83	1-51	3-09	1-09	1-51
84	1-19	2-38	1-41	2-16
85	0-58	2-08	2-16	2-50
86	0-39	1-45	2-61	3-23
87	0-25	1-23	3-47	4-01

Estimated volume total, Calls 1565 Puts 2512
Previous day's open int. Calls 17046 Puts 14117

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
91	3-49	3-63	0-17	0-51
92	2-62	3-19	0-30	1-07
93	2-13	2-43	0-45	1-31
94	1-35	2-09	1-03	1-61
95	1-02	1-43	1-34	2-31
96	0-42	1-18	2-10	3-06
97	0-26	0-62	2-58	3-50
98	0-16	0-45	3-48	4-33

Estimated volume total, Calls 20 Puts 30
Previous day's open int. Calls 1727 Puts 1294

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8200	2.03	2.55	0.37	1.00
8250	1.67	2.22	0.51	1.17
8300	1.35	1.94	0.69	1.39
8350	1.07	1.67	0.91	1.62
8400	0.82	1.45	1.16	1.90
8450	0.62	1.23	1.46	2.18
8500	0.46	1.05	1.80	2.50
8550	0.33	0.88	2.17	2.83

Estimated volume total, Calls 3553 Puts 3231
Previous day's open int. Calls 35283 Puts 31372

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9075	0.85	0.76	0.03	0.13
9100	0.62	0.57	0.05	0.19
9125	0.40	0.39	0.08	0.26
9150	0.21	0.24	0.14	0.36
9175	0.11	0.16	0.29	0.53
9200	0.04	0.09	0.47	0.71
9225	0.02	0.05	0.70	0.92
9250	0.01	0.02	0.94	1.14

Estimated volume total, Calls 70 Puts 350
Previous day's open int. Calls 9181 Puts 11983

LIFFE EURODOLLAR OPTIONS
£1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9100	0.86	0.89	0.01	0.04
9125	0.62	0.68	0.02	0.08
9150	0.40	0.49	0.05	0.14
9175	0.22	0.32	0.12	0.22
9200	0.10	0.20	0.25	0.35
9225	0.03	0.11	0.43	0.51
9250	0.01	0.06	0.66	0.71
9275	0	0.03	0.90	0.93

Estimated volume total, Calls 10 Puts 0
Previous day's open int. Calls 3545 Puts 1358

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8450	0.96	1.73	0.03	0.05
8475	0.73	1.51	0.05	0.08
8500	0.52	1.29	0.09	0.11
8525	0.34	1.08	0.16	0.15
8550	0.23	0.88	0.30	0.20
8575	0.14	0.70	0.46	0.27
8600	0.08	0.54	0.65	0.36
8625	0.04	0.40	0.86	0.47

Estimated volume total, Calls 3102 Puts 1483
Previous day's open int. Calls 53627 Puts 47213

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	83-21	84-23	83-20	84-23
Dec	84-11	85-00	85-00	85-12
Mar				

Estimated volume 26934 (9729)
Previous day's open int. 34778 (35204)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sep	94-16	94-19	94-09	94-17
Dec	94-06			94-07
Mar	93-31			94-00

Estimated volume 1377 (268)
Previous day's open int. 5478 (5435)

6% NOTIONAL GERMAN GOVT. BOND
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	83.66	84.28	83.60	84.08
Dec	83.55	83.85	83.50	83.96

Estimated volume 41104 (29285)
Previous day's open int. 62446 (59375)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sep	94.63	94.75	94.45	94.77
Dec	94.93			95.07

Estimated volume 96 (162)
Previous day's open int. 943 (972)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sep	85.43	85.52	85.42	85.54
Dec	86.18	86.31	86.15	86.32
Mar	86.86	87.01	86.86	87.03
Jun	87.31	87.49	87.30	87.50
Sep	87.70	87.85	87.69	87.89
Dec	87.89	88.02	87.89	88.06
Mar	87.88	87.95	87.88	88.05
Jun	87.82	87.93	87.82	87.98
Sep	87.82	87.89	87.82	87.98
Dec	87.84	87.89	87.89	88.00
Mar	87.84			88.00
Jun	87.84			88.00

Est. Vol. (inc. figs. not shown) 26902 (14207)
Previous day's open int. 177833 (176292)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sep	91.85	91.85	91.83	91.83
Dec	91.85	91.85	91.82	91.84
Mar	91.81	91.81	91.79	91.81
Jun	91.66	91.66	91.64	91.67
Sep	91.54			91.56
Dec	91.38			91.39
Mar	91.32			91.33
Jun	91.22			91.23

Est. Vol. (inc. figs. not shown) 2168 (1573)
Previous day's open int. 30815 (29833)

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	91.57	91.63	91.56	91.62
Dec	91.38	91.46	91.38	91.45
Mar	91.37	91.45	91.37	91.45
Jun	91.39	91.42	91.37	91.45
Sep	91.38			91.48
Dec	91.38			91.50
Mar	91.38			91.50
Jun	91.38			91.50

Estimated volume 9609 (4865)
Previous day's open int. 62968 (62847)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Sep	89.65	89.72	89.65	89.73
Dec	89.75	89.85	89.85	89.76
Mar	89.93	89.98	89.91	89.92
Jun				

Estimated volume 191 (113)
Previous day's open int. 2521 (2601)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sep	2393.0	2419.0	2390.0	2424.0
Dec	2449.0	2449.0	2449.0	2480.0
Mar	2495.0			2528.0

Estimated volume 4530 (2046)
Previous day's open int. 18664 (18306)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7805	1.7705	1.7519	1.7259	1.6850

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.7642	1.7650	1.7614	1.7536
Dec	1.7380	1.7396	1.7380	1.7280
Mar	-	-	-	1.7060

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sep	94-14	94-15	94-12	94-16
Dec	94-05	94-06	94-04	94-07
Mar	93-26	93-27	93-26	93-30
Jun	-	93-19	93-19	93-21
Sep	-	-	-	93-12
Dec	-	-	-	93-04
Mar	-	-	-	92-29
Jun	-	-	-	92-23
Sep	-	-	-	92-17
Jun	-	-	-	-

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	92.53	92.54	92.52	92.52
Dec	92.62	92.63	92.62	92.64
Mar	92.62	92.62	92.62	92.63
Jun	-	-	-	92.45
Sep	-	-	-	92.44

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.7151	0.7154	0.7133	0.7168
Dec	0.7134	0.7145	0.7130	0.7160
Mar	-	-	-	0.7162
Jun	-	-	-	0.7150

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.6650	0.6654	0.6637	0.6638
Dec	0.6645	0.6662	0.6645	0.6647
Mar	0.6670	0.6670	0.6668	0.6657

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.6063	0.6065	0.6055	0.6062
Dec	0.6058	0.6059	0.6055	0.6059
Mar	-	-	-	0.6053

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	91.84	91.86	91.84	91.85
Dec	91.84	91.85	91.84	91.85
Mar	91.81	91.82	91.80	91.81
Jun	91.65	91.66	91.65	91.66
Sep	91.53	91.55	91.53	91.54
Dec	91.38	91.38	91.37	91.38
Mar	91.32	91.32	91.31	91.32
Jun	91.22	91.23	91.22	91.22

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	360.95	360.16	360.10	364.00
Dec	365.00	366.50	364.70	368.55
Mar	-	-	369.20	372.50

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Jul	Calls Aug	Calls Sep	Calls Dec	Puts Jul	Puts Aug	Puts Sep	Puts Dec
1.650	13.30	13.40	13.50	13.40	-	-	0.16	1.38
1.675	10.90	10.90	11.00	11.00	-	-	0.41	2.02
1.700	8.40	8.50	8.50	8.50	-	0.25	0.81	2.74
1.725	6.00	6.10	6.10	6.46	-	0.48	1.45	3.75
1.750	3.60	3.89	4.16	4.81	0.08	1.09	2.50	4.99
1.775	1.51	2.22	2.69	3.52	0.61	2.10	3.49	6.44
1.800	0.38	1.16	1.75	2.52	2.03	3.52	5.06	8.07

Previous day's open int: Calls 340,834 Puts 334,667 (All currencies)
Previous day's volume: Calls 50,094 Puts 11,819 (All currencies)

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Close	Change	High	Low	Yield	Open int.
September	102.70	102.50	-	102.72	102.36	9.56	54,542
December	102.82	102.54	-0.08	102.82	102.54	9.53	6,728
March	102.82	102.82	+0.20	102.82	102.82	9.53	1,445
June	-	-	-	-	-	-	-

Estimated volume 64,633 Total Open Interest 62,715

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls Sept.	Calls Dec.	Calls March	Puts Sept.	Puts Dec.	Puts March
100	-	-	-	0.19	-	-
101	-	-	-	0.38	0.73	-
102	1.14	1.70	-	0.68	1.13	-
103	0.64	1.19	-	1.12	-	-
104	0.31	0.81	-	-	-	-
105	0.15	-	-	-	-	-
Open int	107,736	23,900	2,232	77,361	23,515	5,050

Estimated volume 17,044 Total Open Interest 239,794

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int
September	90.10	90.08	-	90.13	90.08	9.91	12,271
December	90.10	90.09	+0.01	90.13	90.09	9.90	4,386
March	90.12	90.14	+0.04	90.15	90.11	9.86	1,652
June	-	-	-	-	-	9.88	24

Estimated volume 4,563 Total Open Interest 18,333

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open int.
July	2021.0	2008.0	-16.0	2027.0	2000.0	5,739
August	2035.0	2019.0	-16.0	2035.0	2012.0	356
September	2039.0	2039.0	+1.0	2039.0	2039.0	10
December	-	-	-	-	-	-

Estimated volume 4,789 Total Open Interest 6,105

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd.	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	*15	Nat Bk. of Kuwait	15		

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MONEY MARKETS

London rates firmer

A LARGE shortage of day-to-day credit and comments by Mr John Major, the UK Chancellor, that credit is growing too fast, pushed fixed period rates higher in London yesterday. Three-month interbank rose to 15-14⅞ per cent from 14⅞-14¾, while 12-month money firmed to 14⅞-14⅝ per cent from 14⅝-14½. Trading in short-sterling futures remained subdued on Liffe, with longer dated December delivery again the most active month. The December contract opened slightly lower at 86.31 and closed near the day's low at 86.18, compared with 86.32 previously.

UK clearing bank base lending rate 15 per cent from October 5

The Bank of England initially forecast a day-to-day credit shortage of £1,150m, but revised this to £1,200m at noon, and back to £1,150m in the afternoon. Total assistance of £1,009m was provided.

An early round of help was offered and at that time the authorities bought £72m Treasury bills outright, in band 1 at 14⅞ per cent. Before lunch another £49m bills were purchased, by way of £10m bank bills in band 1 at 14⅞ per cent; £8m Treasury bills in band 2 at 14¾ per cent; and £31m bank bills in band 2 at 14¾ per cent. In the afternoon the Bank of England bought £793m bills, via £123m bank bills in band 1 at 14⅞ per cent; £96m Treasury bills in band 2 at 14¾ per cent; and £574m bank bills in band 2 at 14¾ per cent. Late assistance of around £95m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £863m, with Exchequer transactions absorbing £65m, a rise in the note circulation £110m, and bank balances below target £125m.

In Frankfurt call money remained firm around the Bundesbank's 8 per cent Lombard emergency financing rate. Monetary union between West and East Germany has caused confusion about the total amount of liquidity available in the new expanded banking system, and whether a credit line of DM25bn supplied to East German banks by the Bundesbank has been redeposited in Frankfurt. Dealers estimated that some DM10bn may have returned in this way to West Germany.

The Bundesbank drained a net DM8.5bn at this week's securities repurchase agreement tender to insure that conditions do not become too liquid, but at present banks are looking for funds to build up their July reserve holdings.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 5) 3 months US dollars		6 months US Dollars	
bid 8⅛	offer 8¼	bid 8⅛	offer 8⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed.funds	8⅛
Fed.funds at intervention	8⅛

Treasury Bills and Bonds

One month	6.91	Three year	8.26
Two month	7.61	Four year	8.29
Three month	7.93	Five year	8.30
Six month	7.97	Seven year	8.41
One year	7.99	10-year	8.39
Two year	8.18	30-year	8.39

July 5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.95-8.05	7.85-8.00	7.95-8.10	8.00-8.15	8.30-8.50	8.00
Paris	9⅞-10⅛	9⅞-10	-	9⅞-10⅛	-	9.50
Zurich	8⅝-8⅜	8⅞-9⅛	-	8⅞-9⅛	-	-
Amsterdam	7.37-7.50	7.84-7.92	-	8.07-8.14	-	-
Tokyo	7⅜-7⅞	7⅛-7½	-	7⅛-7⅞	-	-
Milan	11-11½	11-11⅛	-	11⅛-11⅛	-	-
Brussels	10.25	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10½-10⅞	10⅞-10½	10¼-10⅜	10⅞-10⅛	10⅛-10⅛	-

LONDON MONEY RATES

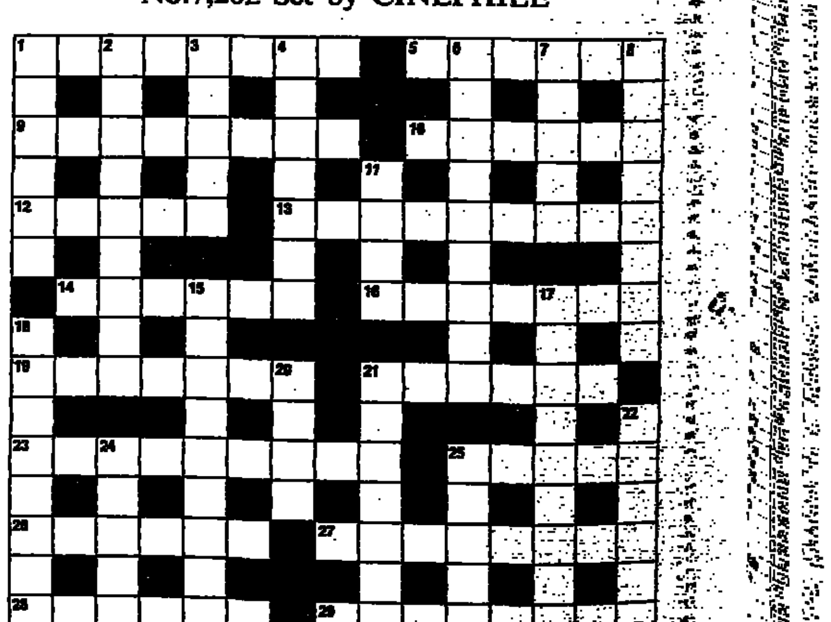
Jul 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15⅞	15⅛	15	15	14⅞	14⅝
Interbank Bid	14⅞	14⅞	14⅞	14⅞	14⅞	14½
Sterling CDs	-	-	14⅞	14⅞	14⅞	14½
Local Authority Deps.	15⅛	15	14⅞	14⅞	14⅞	14½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15¼	14⅞	14¾	14½	-	-
Company Deposits	-	-	14⅞	14⅞	14⅞	14½
Finance House Deposits	-	-	14⅞	14⅞	14⅞	14⅞
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	13⅞	-
Fine Trade Bills (Buy)	-	-	15⅞	14⅞	14⅞	-
Dollar CDs	-	-	8.25	8.25	8.28	8.37
SDR Linked Dep. Offer	-	-	8¾	8⅞	9	9⅛
SDR Linked Dep. Bid	-	-	8⅝	8¾	8⅞	9
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅞	10⅝
ECU Linked Dep. Bid	-	-	9⅞	10⅛	10⅞	10½

Treasury Bills (sell); one-month 14⅞ per cent; three months 14¼ per cent; Bank Bills (sell): one-month 14⅝ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.3198 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 29 ,1990 . Agreed rates for period July 25,1990 to August 25 , 1990, Scheme I: 15.84 p.c., Schemes II & III: 16.25 p.c. Reference rate for period June 1,1990 to June 29 , 1990, Scheme IV&V: 15.025 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from July 1 , 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 , Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,282 Set by CINEPHILE



All solutions with an even number of letters are the same kind of word or phrase, and are in the same way singularly clued.

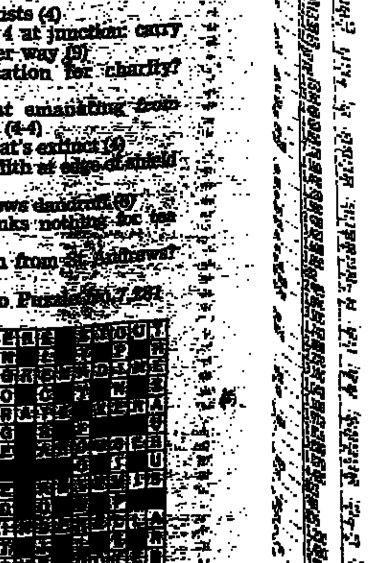
ACROSS

1 FT entertained by the Pope (confidential) (4-4)
5 Copper's possum (6)
9 Disdain return of circular band (4-4)
10 Dance has power (6)
12 Have as corollary just being beheaded (5)
13 Almost in prison for debts? Dangerously subtle! (9)
14 Boy with drum (3-3)
16 Arrangement of noughts that could be sawn off (7)
19 A declaration of independence by Heath must be checked (7)
21 Posh person turns sweet (6)
23 Cheering person with a lot of fruit getting a rude shock (9)
25 Garment for a specific humour (5)
26 Bill for king with fire going up (3-3)
27 Train applying powder (4-4)
28 Something like a lemur? Yes (3-3)
29 Catch? I quite agree! (4,4)

DOWN

1 Rose's invitation to cheer (3,3)
2 One professional turns up in disorderly disco with a sting in his tail? (9)
3 Enjoying oneself very quietly in bed? (5)
4 Views of Duns: cost is possibly over a thousand (7)
6 Turn to deity divine and confess having alternating levels (2-3-4)
7 False acacia, mostly, and nothing more, is the chocolate tree (5)
8 Use one's voice in prison (4,4)
11 Deity exists (4)
15 Rule of 4 at junction: carry the other way (9)
17 Justification for charity? (4,5)
18 Garment emanating from volcano (4-4)
20 Party that's extinct (4)
21 British filth at edge of shield (7)
22 Coat shows dandruff (6)
24 Dog drinks nothing for tea (5)
25 Musician from St Andrews? (5)

Solution to Puzzle No.7,281



WORLD STOCK MARKETS

AUSTRIA

July 5	Sch	+ or −
Austrian Airlines	4,980	−20
Creditanstalt	6,430	+30
Erste Allgemeine	23,700	−300
Jungbunzlauer	14,480	+80
Laenderbank	1,265	.....
OeMV	11,650	.....
Perlmooser	1,980	+20
Radex	1,240	−5
Reininghaus	2,500	−95
Steyr-Daimler	225	+5
Veitscher Mag	1,220	−8
Verbund	619	−1
Wienerberger	6,600	+150

BELGIUM/LUXEMBOURG

July 5	Frs.	+ or −
Arbed	5,200	−50
B.B.L.	2,950	−10
Bank Intl. a Lux	15,400	.....
Banque Gen. Du. Lux	14,600	.....
Banque Nat Belg	35,525	.....
Barco	2,280	−75
Bekaert B	14,000	−225
Ciment CBR	9,280	−80
Cobepa	5,620	−10
Do. AFV-1	5,600	−30
Cockerill	181	−7
Cofinal	26,400	.....
Delhaize	6,410	−30
EBES	3,945	−5
Do. AFV 1	3,870	+30
Fabrique Nat	247	+17
GIB Group	1,380	+10
Do. AFV	1,360	+6
GBL(Brux)L	3,950	−10

[illegible]

FRANCE (continued)

July 5	Frs.	+ or −
Beghin-Say	915	−11
Do. Certs	661	+19
Bongrain	3,365	+1
Bouygues	640	−15
CGIP	1,300	−20
CMB Packaging	199	−2.9
Carrefour	3,590	.....
Casino	124	−2.8
Cetelem	557	−11
Chargeurs	1,000	−25
Ciments Fr.	1,706	+1
Club Mediterranee	612	−16
Coflexip	367.8	+1
Cogifi	417	−30.8
CGE	635	−1
Coparex	599	.....
CCF	229.8	−0.2
Cred Foncier Fr	1,298	−6
Cred Lyons (CI)	796	−4
Credit National	1,430	+3
Damart	2,800	−181
Docks de France	3,810	−70
Dollfus-Mieg	521	−15
Dumez S.A.	616	+16
Eaux (Cie Gen)	2,633	−38
Ecco	541	−9
Electrofin'ce	988	−2
Elf-Aquitaine	654	−6
Do. Certs	490	−4
Epeda-Bertrand	1,150	−5
Essilor	2,600	−40
Eternit (Fin.)	2,077	−42
Eurafrance	2,046	−22
Eurocom	2,139	−17
Euro Disneyland	102.2	−0.4
Euromarche	4,195	−64
Exor	1,700	−45

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY (continued)

[illegible]

GERMANY

[illegible]

ITALY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

AUSTRALIA

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices July 5

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	July 3	July 2	June 29	June 28	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2911.63	2899.26	2880.69	2878.71	2935.89 (15/6)	2543.24 (30/1)	2935.89 (15/6/90)	41.22 (2/7/32)
Home Bonds	91.11	91.09	90.77	90.88	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1140.51	1144.16	1144.34	1142.70	1212.77 (6/6)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.94	209.57	210.01	208.63	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2925.74 (2908.66) Low 2891.09 (2869.80)

STANDARD AND POOR'S

	July 3	July 2	June 29	June 28	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	360.16	359.54	358.02	357.63	367.40 (4/6)	322.98 (30/1)	367.40 (4/6/90)	4.40 (1/6/32)
Industrials	423.73	422.50	420.52	420.25	428.34 (4/6)	371.92 (30/1)	428.34 (4/6/90)	3.62 (21/6/32)
Financial	28.91	29.00	28.93	28.87	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	196.61	196.22	195.48	195.18	200.21 (4/6)	178.43 (30/1)	200.21 (4/6/90)	4.46 (25/4/42)
Amex Mkt. Value	360.67	360.14	361.21	358.57	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	461.76	462.04	462.28	460.38	468.86 (13/6)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	June 29	June22	June15	year ago (approx.)
Dow Industrial Div. Yield	3.74	3.77	3.67	3.70

	June 27	Jun 20	June13	year ago (approx.)
S & P Industrial div. yield	2.97	2.93	2.90	3.09
S & P Indl. P/E ratio	16.70	16.87	17.07	12.97

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Philip Morris	2,674,100	48	+ ⅞
Cen Me Pwr (xd)	2,302,700	18¾	+ ⅛
Entergy Corp	1,987,900	20	+ ⅛
Gen Instruments	1,959,000	45¾	+ ½
SCE Corp	1,470,000	37⅝	+ ⅛
Panhandle	1,451,500	23½	− ⅝
Mattel	1,347,500	22½	+ ⅜
Am T & T	1,240,500	38⅝	− ¼
Am Express	1,187,600	31½	+ ¼
Beverly Ent	1,150,800	6¼	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	July 3	July 2	June 29
New York	130.050	130.200	145.500
Amex	11.552	9.518	13.024
NASDAQ	131.015	114.153	158.811
Issues Traded	1,973	1,981	1,994
Rises	828	780	966
Falls	650	739	572
Unchanged	495	462	456
New Highs	70	52	56
New Lows	41	43	47

CANADA

TORONTO	July 4	July 3	July 2	June 29	1990 HIGH	1990 LOW
Metals & Minerals	3296.80	3262.20	(c)	3208.50	3453.05 (4/1)	2850.80 (23/4)
Composite	3575.30	3560.00	(c)	3544.00	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1852.48	1841.50	(c)	1833.26	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 5	July 4	July 3	July 2	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1557.7	1541.1	1512.8	1496.6	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	741.9	734.7	718.6	711.7	860.8 (5/1)	711.7 (2/7)
AUSTRIA						
Credit Aktien (30/12/84)	621.82	618.99	615.67	605.82	703.29 (19/3)	526.59(2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6240.26	6274.42	6281.62	6286.20	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	379.66	379.82	378.10	376.55	382.50 (15/6)	352.96 (25/4)
FINLAND						
Unitas General (1975)	540.3	537.0	539.0	540.9	677.3 (23/1)	537.0 (4/7)
FRANCE						
CAC General (31/12/82)	538.33	543.07	543.99	542.08	564.62 (30/5)	482.94 (26/2)
CAC 40 (31/12/87)	1999.98	2015.93	2031.98	2029.54	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	814.26	814.26	807.32	805.18	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2354.3	2355.2	2330.3	2325.6	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1914.18	1925.13	1906.23	1915.30	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3356.44	3363.49	3356.55	3319.47	3363.49 (4/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1684.48	1689.21	1687.73	1689.17	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	738.63	736.94	741.38	745.11	763.52 (14/6)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	32351.67	32445.92	32414.60	32160.23	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2362.04	2363.35	2349.48	2348.70	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	4253.80	4222.84	4203.67	4189.90	4284.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	592.98	586.39	586.36	(c)	622.20 (20/2)	518.53 (2/5)
NETHERLANDS						
CBS Tot Rtn Gen (End 1983)	263.6	265.3	266.3	266.1	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	196.4	197.6	198.3	198.2	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	832.25	827.07	824.00	823.94	859.05 (5/6)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	870.48	837.82	852.45	870.17	1160.70 (21/3)	740.31 (6/6)
SINGAPORE						
SES All-Singapore (2/4/75)	435.02	434.03	(c)	432.28	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1537.0♦	1567.0	1574.0	1581.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2985.0♦	2984.0	2973.0	2966.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	723.10	735.30	745.04	713.18	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	299.12	300.10	298.68	297.25	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1329.9	1328.2	1320.8	1309.0	1329.9 (5/7)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	836.8	844.2	837.3	829.1	844.2 (4/7)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	4524.55	4677.18	4905.87	(c)	12495.34 (10/2)	4524.55 (5/7)
THAILAND						
Bangkok SET (30/4/75)	1070.18	1087.51	1087.53	1082.67	1087.53 (3/7)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	527.6	524.0	523.0	571.0 (4/1)	468.3 (2/4)

**Saturday June 30: Taiwan Weighted Price: 5049.58. Korea Comp Ex. 706.79

♦ Subject to official recalculation.

Apr6 Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials — 264.3 and Australia All Ordinary and Mining — 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday July 5 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Okumura	8.8m	1,850	-40	Nippon Steel	5.0m	568	+2
Nippon Oil	7.7m	1,360	+30	MHI	4.8m	895	-16
Nippon Mining	6.7m	940	0	Sankyo Aluminm	4.7m	1,800	-10
Komatsu	6.5m	1,220	-20	Japan Mtls Chm	4.6m	1,820	+100
Nippon Lght Mtl	6.2m	1,050	-20	Mitsui M&Smltng	4.5m	800	+3

3pm prices July 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	19	AAR	.48	2.1	14	116	23⅛	22⅝	22⅝	– ⅝
9¼	8	ACM n	1.01	11.		134	8⅞	8¾	8⅞	+ ⅛
11⅝	9⅞	ACMIn	1.26	12.		310	10¼	10⅛	10¼	+ ⅛
9¼	7¼	ACM M	n1.01	12.		316	8¼	8	8⅛	+ ⅛
12⅛	10	ACMMM				84	11	10⅞	11	
11½	9⅞	ACM Sc	1.26	13.		449	10⅛	10	10	
9⅝	8⅛	ACMSp	1.01	12.		259	8⅜	8¼	8¼	
24⅝	14⅜	AL Lab	.16	.7	21	20	23⅞	23¾	23¾	
5¾	2⅛	AM Intl				115	2½	2⅜	2⅜	– ⅛
23¼	10¼	AM In pf	2	16		23	12¼	12⅛	12⅛	– ⅛
107¼	52½	AMR			12	3871	62⅝	61	61	–2
72¼	40½	ASA	3a	6.6		612	46	45⅜	45⅜	– ¾
42⅛	28⅞	AbtLab	s.84	2.0	21	4401	41⅞	41	41⅛	– ⅝
16½	11¼	Abitibi g	.50			68	13⅝	13⅜	13⅜	+ ⅛
12⅛	7⅞	AcmeC	.40	5.3	9	52	8	d 7½	7½	– ½
9⅛	7⅝	AcmeE	.32	3.8	10	7	8⅝	8⅜	8⅜	– ⅛
41⅞	28⅜	Acuson			25	606	41⅝	41	41⅝	+ ¼
18½	13¾	AdaEx	2.06e	13.		188	16⅛	16	16	– ⅛
15⅝	10	Adobe				7	11½	11⅜	11⅜	
11⅜	6⅞	AMD			20	1416	9½	9¼	9⅜	– ⅛
39¼	28¼	AMD pf	3	9.6		18	31¼	31⅛	31¼	– ⅛
10⅛	3¾	Advest	.16	3.8	63	15	4¼	4⅛	4¼	
62½	45¼	AetnLf	2.76	5.4	9	1161	52¼	51⅜	51⅜	– ¾
13⅞	9¼	AffilPb	.24	2.3		321	10⅝	10⅜	10⅜	– ⅛
25	16⅛	Ahmans	.88	4.3	9	1514	21	20⅜	20⅜	– ⅝
58	40	AirPrd	1.44	2.6	14	275	56⅝	56⅛	56¼	– ½
24¼	14	AirFrt s			16	1056	23⅝	23⅛	23½	+ ½
25⅛	15½	Airgas			31	38	19¾	19⅝	19¾	
20⅞	16½	Airlease	2.52	14.	9	5	18	17⅞	18	+ ¼
23¼	21¼	AlaP	pf2.08e	9.3		44	22¼	22¼	22¼	
10⅛	9⅛	AlaP	dpf.87	9.3		17	9½	9¼	9⅜	
98⅝	92	AlaP pf	9	9.4		z40	95½	95¼	95¼	+1
[illegible]										

Continued on Page 45

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
8	4	Winnbg	.10j			18	4¾	4½	4¾	
32⅛	26¼	WiscEn	1.76	6.1	10	807	29⅛	29	29	− ⅛
24⅞	20⅝	WiscPS	1.62	7.7	12	121	21⅛	21	21	− ⅜
45⅛	31¼	Witco	1.72	4.7	27	436	36¾	36⅛	36⅜	+ ⅛
15⅝	10⅞	WolvrW	.16	1.3	12	56	12	11⅞	12	
36⅛	25⅝	Wolwth	s1.04	3.1	13	2291	34¼	33⅛	33¼	− ⅞
19¾	15⅛	WrldVl	1.95e	12.		10	16⅛	16⅛	16⅛	
57¾	38¾	Wrigley	.88	1.6	20	231	56½	54¼	54½	−2¼
14⅜	7¾	WyleLb	.28	2.1	14	164	13⅝	13¼	13⅜	− ⅛
27½	18	Wynns	.60	2.7	14	42	22⅝	22	22⅝	+ ⅛
		− X − Y − Z −								
68½	45⅞	Xerox	3	6.6	7	2195	46⅛	d45¼	45¾	− ⅝
34	21¼	XTRA	.48a	2.1		5	23¼	23⅛	23¼	+ ⅛
4¼	1½	Zapata				286	1⅝	1⅝	1⅝	
12	5½	Zemex				14	5½	d 5¼	5¼	− ¼
7-16	⅛	Zemex rt				40	5-16	5-16	5-16	−1-16
19	7⅞	ZenithE				872	8⅛	8	8	− ⅛
21½	13½	ZenNtl	.88	5.9	9	47	15	15	15	
9¾	5⅝	Zenix	.90	15.		88	6⅛	6	6⅛	+ ⅛
18½	12⅞	Zero s	.40	2.8	14	62	14¾	14½	14½	− ¼
50¼	34⅝	Zurnin	.76	1.5	22	219	50	49	49⅛	− ½
12⅝	10⅝	Zweig	1.21e	11.		198	11½	11⅛	11½	
10	9	ZweigTl	.96	11.		929	9⅛	9⅛	9⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices July 5

NASDAQ NATIONAL MARKET

3pm prices July 5

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
A&W Bd		27	341	33	32	32¼	− ½
ACC Cp	.16	26	66	13	12½	12½	− ⅜
ADC		15	354	23¼	23	23¼	− ½
ADT		10	2678	31⅛	30½	30¾	−1
ASK		17	486	9⅛	8⅝	9	+ ⅛
AST		24	3126	24⅛	23	23⅞	+ ⅝
Aclaim s		18	628	13⅞	13¼	13¼	− ⅝
AcmeSt		8	430	17¼	16¾	16¾	
ActAfs		19	432	7½	7⅜	7½	
Acxiom		17	7	20¼	20	20	
AdacLb	.64j	5	904	1 5-16	1¼	1¼	−1-16
Adapt		14	1676	21⅛	20½	21	+ ⅛
Adingt s		13	34	18¼	18	18	− ½
AdiaSv	.16	13	30	22	22	22	
AdobeS	.21e	22	1644	37¾	37	37½	− ½
AdvCir s		6	388	9¼	9⅛	9½	− ⅛
AdMkSv		16	33	6	5¾	5¾	+ ¼
AdvPoly			221	6⅜	6⅜	6¾	
AdvTel		18	658	20	19½	19¾	− ¼
Advanta	.10	9	11	12⅞	12⅞	12⅞	
AdvoSy		13	59	11¾	11⅝	11⅝	− ⅛
Aegon	2.49e	8	37	u71⅞	71¼	71⅞	+ ⅜
Aerovx			35	4¼	4	4¼	+ ¼
AffBsh		18	83	11⅝	11⅛	11⅛	− ½
AgncyR	.68t	20	715	13⅞	13¾	13⅞	
Agnico g	.20		53	6⅞	6¾	6⅞	− ⅛
AirMd		33	114	5¾	5 1-16	5¾	
AirWisc		68	61	10¾	10¼	10¼	− ⅛

Continued

FINANCIAL TIMES

Friday July 6 1990

AMERICA

Dow falls on profit-taking in wait for jobs figures

Wall Street

PROFIT-TAKING and futures-related sell programmes forced equities sharply lower yesterday morning after their pre-holiday, five-day winning streak, *writes Karen Zagor in New York.*

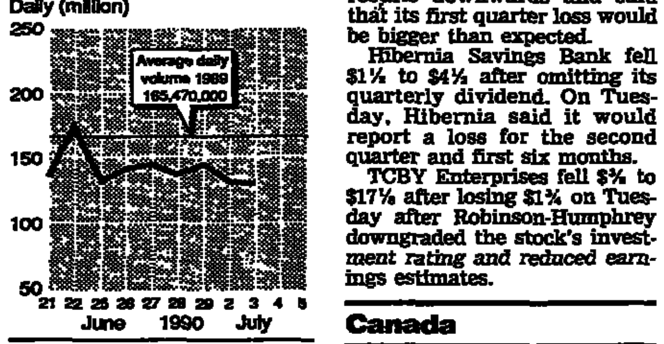
At 2 pm, the Dow Jones Industrial Average was 29.70 lower at 2,881.93. However, volume was too thin for the decline to be indicative of market trends. At midday, only 75m shares had changed hands. Declines led advances by 10 to three. On Tuesday, the Dow had added 12.37 to 2,911.63. Markets were closed on Wednesday for Independence Day.

The deterioration in equities yesterday was reflected in the broader Standard & Poor's 500 which at 1 pm was down 4.78 at 355.38.

Nervousness about today's employment data for June also depressed the market. Traders had hoped that the employment report would spur the Federal Reserve to ease monetary policy, but there is concern that the Fed's policy will not change unless the figures are out of line with expectations. June's non-farm payrolls are expected show an increase of 83,000, excluding temporary census workers.

Avon Products increased $⅝ to $37⅞ in heavy trading. Chartwell, a partnership of the Getty and Fisher families, has bought a 3.98m block of Avon's shares and said that it would acquire another 1.2m shares within 30 days. The two purchases, combined with Chartwell's existing stake in Avon, will increase Chartwell's holding to more than 26 per cent.

NYSE volume



McDonnell Douglas added $1⅞ to $40⅝ after the US and the South Korean Government seemed closer to reaching an agreement over the sale of the company's F-A-18 fighter aircraft to South Korea.

Genentech rose $¾ to $29¼ and Eli Lilly improved by $1⅞ to $40¾. A human growth hormone produced by the two companies has been shown to reverse some of the effects of ageing in men.

Gulf Stakes Utilities gained $⅛ to $11⅝ after Moody's Investors Service placed its long-term debt under review for a possible upgrade. Gulf States recently agreed to resolve a dispute over power purchased from Southern Co.

In the secondary market, Microcom plunged $2¾ to $6. On Wednesday, the company revised its fourth quarter results downwards and said that its first quarter loss would be bigger than expected.

Hibernia Savings Bank fell $1⅛ to $4½ after omitting its quarterly dividend. On Tuesday, Hibernia said it would report a loss for the second quarter and first six months.

TCBY Enterprises fell $⅜ to $17⅞ after losing $1¾ on Tuesday after Robinson-Humphrey downgraded the stock's investment rating and reduced earnings estimates.

Canada

TORONTO stocks were only modestly lower at midday in spite of futures-related selling on Wall Street. The composite index fell 17.5 to 3,557.8 on volume of 12.5m shares. Declines led advances by 250 to 153.

Easier New York bullion prices depressed gold shares. Inco was unchanged at C$34½, Placer Dome slipped C$¼ to C$18⅝, American Barrick eased C$¼ to C$22⅞ and Corona fell C$⅛ to C$7½.

Venezuela's bolsa faces growing problems

Caracas, up 79% this year, is limited by state and family holdings, writes Joe Mann

A SPECTACULAR run-up in share prices on the Caracas Stock Exchange (Bolsa de Valores de Caracas) this year has drawn international attention to the tiny securities market, which is usually ignored outside Venezuela.

In spite of the country's depressed economy, the index reached 4,919.50 on Wednesday, up 78.6 per cent from 2,754 on December 29, 1989. The index slipped below its year-end level during January, but it began an upward spiral at the end of that month, surged ahead during March and the beginning of April, and hit a record of 5,421.31 on May 11. The rises outstripped inflation, which reached 14.8 per cent for the first six months of this year.

During the last weeks of May and in June, profit-taking produced a sharp correction, but that was followed by another rebound. Currently, prices have stabilised, and a rise in domestic interest rates is dampening enthusiasm.

There were several reasons for the sudden growth in Venezuelan stocks in 1990, including undervaluation of shares, a decline in domestic interest rates, a small and easily manipulated market and, say some stockbrokers, a large dose of speculation.

Share prices were mostly low relative to earnings earlier this year, although they have since made up some ground. VenEconomy, a business magazine, reported that a sample of 12 Venezuelan stocks was trading at an average of less than 3 times earnings in January. By early May, the p/e ratio for these stocks had risen to more than 7.

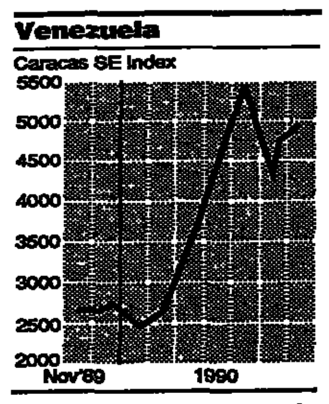
Prices of shares in well-managed, profitable Venezuelan companies with substantial assets were extremely attractive at the start of 1990, and remain at bargain-basement levels in international terms. For example, shares in the country's largest private sector steelmaker, Sivensa, were trading this week at 98 US cents, while Corimon, one of the country's most important diversified industrial groups, was at 73 US cents.

The small size of the Caracas market enables prices to swing wildly. Most of Venezuela's private sector is controlled by family-held groups, and the Caracas exchange lists the shares of only 99 companies. Maracaibo, Venezuela's second-largest city, has an even smaller stock exchange. Mr Rafael Alcantara, a member of the Caracas exchange, says that trading in 10 issues accounts for about 87 per cent of all activity in shares. Some stocks are rarely traded.

In June, overall securities trading on the Caracas exchange was $729m, but stocks accounted for only $30m, or about 4 per cent of the total. Government bonds traditionally have made up the bulk of activity on the exchange.

Mr Robert Bottome, an editor of VenEconomy and a former stockbroker, points out that a market as thin as the Caracas one is "extremely vulnerable to manipulation." His magazine asserts that "much of this year's activity can be traced to a small number of speculators and investors, including some stock exchange members, many of whom 'financed' their purchases by simply delaying payment until after the shares were sold."

Venezuela



The exchange has been hard-pressed to handle the paperwork associated with this year's trading volume. Some brokers feel that neither the exchange nor the National Securities Commission, Venezuela's equivalent of the SEC, is equipped to supervise the market or control abuses.

Another worry for investors is Venezuela's economy, which is still recovering from an 8 per cent contraction in gross domestic product last year; growth for 1990 is expected to be be slight.

Most important, however, is the structure of Venezuelan capital. The Government, while trying to reduce its role in the economy, is by far the country's most important capitalist. It owns the petroleum industry, one of the world's largest, and owns or controls a wide range of other heavy industries, service companies and financial institutions. A government plan to privatise a large number of its holdings, announced early last year, has not yet produced results.

Until the government and family holdings decrease, Caracas will be unable to mature into anything other than an emerging market.

EUROPE

Corporate worries drain life out of bourses

PROFIT-TAKING and company earnings worries pulled most bourses lower yesterday, with news of Mannesmann's capital-raising plans giving Frankfurt an extra knock, *writes Our Markets Staff.*

FRANKFURT failed to hang on to early gains as domestic and foreign buy orders petered out in the second half of the session. News that Mannesmann was tapping the stock market once again, after its previous capital increase in November, also weighed on prices.

The DAX index fell 10.95 to 1,914.18 while the FAZ index, calculated at midsession, was steady at 814.26. Volume fell to DM8.3bn from DM9.3bn.

Mannesmann lost DM12 to 348.50 after announcing that it would raise DM724.5m through a one-for-10 rights issue, with the new shares priced at DM250 each. Analysts said that, while the capital increase had been expected, in order to replenish Mannesmann's coffers after its recent acquisitions and to fund further expansion, the pricing was rather greedy.

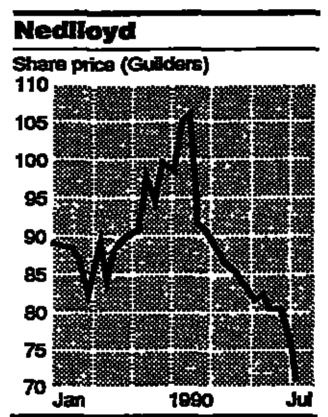
Asko, the retailer, extended Wednesday's DM26 gain and added DM6 to DM960 following a report in Platow Brief, the newsletter, that Asko had sold its stake in Dutch retailer Ahold to Amro, the Netherlands bank. Both Asko and Amro denied the report.

Elsewhere, Colonia, the insurer, jumped DM100 to DM1,360 for no obvious reason, although dealers noted that the stock was not very liquid and a modest order would be enough to trigger such a rise.

AMSTERDAM mirrored weakness in the UK and US markets. Growing concern about first-half and full-year results pushed the CBS Tendency index down 1.1 to 119.5.

Ms Dorothee van Vredenburch of Carnegie International said that another burden for the market was the fact that many of the larger, cyclical companies – DAF, DSM and Royal Dutch to name a few – were past their peak. However, this climate was prompting a flight to quality as investors were now more willing to pay the premiums than in the past, she added.

Nedlloyd



Nedlloyd, the shipping and transport company, continued to fall on unabated selling by foreign investors. There were reports that some domestic brokers were forecasting that Nedlloyd would fail to make a profit in the first half, and that some large Dutch pension funds had bought October put options. Nedlloyd fell Fl 2.30 to Fl 70.

MILAN made a mostly unsuccessful attempt to rally after its recent fall, with late selling eroding early gains. The current conflict between employers and unions continued to undermine sentiment. The Comit index nudged up 1.69 to 738.63.

Most industrial stocks recovered at their official price fixings but lost ground after hours. Fiat rose L11 to L9,751 at its official settlement, but then dropped to L9,700 in the after-market.

The insurance sector was well bid in the opening part of the session but followed the market lower in the final hour of trading. Generali rose L200 to L42,900, but then ended at L42,650. But banks rose on the news that a senate committee had approved a bill on public-law banks, which will enable their transformation into joint stock companies capable of selling equity to the public.

PARIS had another miserable day, with the CAC 40 index falling 15.95 to 1,999.98 in thin volume, estimated at FFr1.5bn after Wednesday's FFr1.6bn.

France, which was overshadowed by a buoyant West Germany at the start of the week, failed to benefit from yesterday's profit-taking in Frankfurt. Blue chips, such as Suez, off FFr5.10 at FFr425.90, continued to fall in thin trade, indicating the absence of foreign investors. Some observers, however, remained optimistic that the market would recover once attention switched away from Frankfurt, perhaps in a few weeks.

Peugeot steadied after its recent sharp declines, ending FFr2 down at FFr764, while Perrier continued to drop on worries about its mineral water business, losing FFr14 to FFr1,440, taking its fall since Friday to 9 per cent.

MADRID's foray above 300 on the general index proved short-lived as the index slipped 0.98 to 299.12. There was profit-taking in banks, constructions and electrical utilities, which had led the recent advance. Dealers were confident that the rally would resume soon.

STOCKHOLM was steady in quiet trading, with the Affärsvärlden General index rising 1.7 to 1,329.9. Turnover was SKr78m, of which about one third was accounted for by trading in three stocks:

- Ericsson free Bs, which lost SKr11 to SKr1,389 on fears that the Norwegian Government might not approve a contract awarded to the Swedish telecommunications company;
- Procordia restricted A shares, which gained SKr5 to SKr180 on optimism about the rationalisation programmes that followed its merger with Volvo's food and drug businesses;
- and S-E Banken's restricted As, up SKr0.5 at SKr83.5.

ZURICH was pulled lower by profit-taking in chemical stocks. Banks and insurers, however, continued to rise on anticipation of a cut in interest rates. The Crédit Suisse index eased 4.1 to 669.9.

ASIA PACIFIC

Nikkei drops in cautious trade as dollar rebounds

Tokyo

A SURPRISE rebound by the dollar called for caution on the equity market, and after a modest show of resilience, share prices retreated in quiet trading yesterday, *writes Michiyo Nakamoto in Tokyo.*

Investors were beginning to hope that the yen's strength would help relieve pressure on interest rates when the dollar climbed back up against the domestic currency yesterday, leading to weakness on the bond market and sluggishness in equities.

Share prices edged up in morning trading, but investors chose to remain cautious and to await the release of June US employment data.

The Nikkei average rose to a high of 32,590.64 before closing at its day's low of 32,351.67, down 94.25.

Gains were slightly ahead of losses at 476 against 463 and 187 issues were unchanged. Turnover slipped to 460m shares from the 550m traded on Wednesday. The Topix index of all listed stocks edged up 1.31 to 2,362.04 and, in London, the ISE/Nikkei 50 index rose 0.34 to 1,761.23.

The reversal in the yen-dollar trend turned investors away from interest-rate sensitive issues. Buying was scattered with smaller growth stocks competing for investor interest. Trading was therefore buoyant in the smaller markets, in contrast to the sluggish first section.

The second section in Tokyo posted a firm gain, while the second section on the Osaka market rose to a record high. Other regional markets, such as the Nagoya market, enjoyed strong interest as well. The over-the-counter market surged to another new high.

Investors preferred issues with special incentives or strong earnings potential and were selective in their buying. Many issues with unfamiliar names were actively pursued. CMK, the largest domestic maker of printed circuit boards, gained Y260 to Y5,100.

Bandai, a toy company, jumped Y720 to Y7,100 on strong sales of its videos featuring cartoon characters. Bandai has exclusive marketing rights in Europe for Ninja Turtles, a video game.

Among other growth stocks, Nippon Stainless Steel rose Y70 to Y1,240 on the prospect of higher stainless steel prices.

The oil group was one of the few sectors that saw some strength. News that Prime Minister Kaifu would visit the Middle East sparked enthusiasm for increased prospects of co-operation between Japanese oil companies and Middle Eastern suppliers. Nippon Oil was second on the volumes list with 7.7m shares and rose Y30 to Y1,360. Arabian Oil added Y280 to Y9,500 while Mitsubishi Oil was up Y40 to Y1,260.

Osaka brushed aside the concerns that had put a damper on Tokyo and the OSE average gained 148.83 to 35,959.73. Volume was down to 59m shares from Wednesday's 63m. Interest in laggards was the main support behind the resilience in the Osaka market yesterday.

Roundup

PACIFIC Rim markets gave a mixed performance.

MANILA rebounded after several days of selling triggered by profit-taking and the acquittal of former Philippine First Lady Imelda Marcos. The composite index rose 32.66, or 3.8 per cent, to 870.48. Turnover fell to 604m shares or 62m pesos from 763m or 80m pesos.

Dealers said the market was led higher by buying of Saniwares shares by some big investors, who intend to wage a proxy fight at the annual meeting on July 10. Saniwares added 4.50 pesos to 81.50 pesos.

TAIWAN extended its losses as selling spread from banking stocks to other sectors. The weighted index plunged 152.63 to 4,524.55, its lowest level since May 1988. The index has plummeted 63.8 per cent, or 7,970.79 points, since it hit a record high at 12,495.34 on February 10. Volume slipped to 760m shares or NT$30.9bn from 847.8m shares or NT$33.5bn.

NEW ZEALAND ended narrowly mixed as currency movements again dictated the market's direction. Share prices which had opened firmer, pulled back in the afternoon when the New Zealand dollar rebounded against the Australian dollar.

The Barclays share index eased 3.69 to 1,797.66, after falling from the day's high of about 1,808. Turnover fell to 11m shares from 14m.

AUSTRALIA continued to firm thanks to domestic and overseas investors, although activity was concentrated in the top 20 stocks. The All Ordinaries index added 16.6 to 1,557.7. Turnover rose to 142m shares or A$403m from 108m or A$278m.

HONG KONG ended mixed. The Hang Seng index fell 7.05 to 3,356.44 after achieving three post-1987 crash highs. Turnover shrank to HK$1.66bn from HK$1.85bn. Commercial, industrial and property shares declined while other sectors were little changed.

SEOUL suffered another day of profit-taking after Tuesday's strong rally. The composite index fell 12.2 to 723.10. Volume shrank to 8m shares or Won125bn from 16m or Won260bn.

BOMBAY rose 2.3 per cent to a record high of 883.03, down 20.15, on the BSE index. The rally came in spite of curbs on five leading stocks, intended to limit speculation.

SOUTH AFRICA

GOLD shares closed lower on continued caution about the bullion price. The JSE all-gold index fell 30 to 1,537 and the overall index shed 18 to 3,108. De Beers closed 75 cents easier at R93.75 ahead of publishing its CSO diamond sales figures.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 4 1990								TUESDAY JULY 3 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	147.02	+2.7	122.11	139.21	125.89	121.69	+1.8	5.73	143.20	119.30	136.82	122.91	119.48	158.31	125.85	133.20
Austria (19)	262.69	+0.8	218.19	248.75	224.94	224.77	+0.4	1.29	260.56	217.09	248.96	223.66	223.86	285.63	193.15	124.59
Belgium (61)	152.95	+0.2	127.03	144.82	130.96	127.68	−0.1	4.53	152.67	127.20	145.86	131.04	127.82	160.02	132.11	130.38
Canada (119)	139.13	+0.4	115.56	131.73	119.12	117.07	+0.4	3.46	138.55	115.44	132.37	118.92	116.63	153.61	130.37	141.19
Denmark (33)	262.53	+0.7	218.05	248.60	224.80	223.88	+0.4	1.29	260.71	217.21	249.10	223.78	223.04	262.53	236.69	207.77
Finland (26)	135.57	+0.1	112.60	128.38	116.09	109.70	−0.5	2.50	135.41	112.82	129.38	116.23	110.28	152.29	129.99	141.95
France (124)	161.04	−0.4	133.75	152.48	137.88	139.50	−0.7	2.94	161.65	134.68	154.44	138.74	140.54	168.85	141.69	123.42
West Germany (92)	138.65	+1.3	115.16	131.31	118.72	118.72	+1.0	1.89	136.90	114.06	130.81	117.50	117.50	138.65	122.05	92.83
Hong Kong (48)	139.35	+0.1	115.74	131.95	119.32	139.25	+0.1	4.51	139.16	115.94	132.96	119.45	139.11	139.35	112.24	97.86
Ireland (17)	191.55	+0.6	159.10	181.38	164.02	165.84	+0.3	2.64	190.43	158.66	181.94	163.45	165.43	198.57	172.72	137.99
Italy (96)	106.56	−0.5	88.51	100.90	91.24	96.05	−0.8	2.45	107.10	89.23	102.32	91.93	96.82	109.26	91.85	86.75
Japan (454)	150.82	+1.4	125.27	142.81	129.16	142.81	+0.5	0.59	148.72	123.91	142.10	127.67	142.10	197.26	124.40	179.38
Malaysia (35)	231.81	+0.5	192.53	219.49	198.49	241.36	+0.4	2.25	230.65	192.17	220.37	197.98	240.43	245.32	204.15	182.04
Mexico (13)	497.50	−0.5	413.21	471.09	426.00	1556.22	−0.6	0.33	500.24	416.78	477.95	429.38	1566.16	549.86	324.53	240.13
Netherland (43)	142.61	−0.2	118.45	135.04	122.12	120.64	−0.4	4.67	142.84	119.01	136.47	122.61	121.16	145.66	130.43	121.50
New Zealand (17)	66.34	+1.1	55.10	62.82	56.80	59.53	+1.0	7.45	65.61	54.67	62.69	56.32	58.95	75.36	59.57	66.07
Norway (23)	237.85	+0.7	197.55	225.23	203.67	204.44	+0.3	1.55	236.11	196.71	225.59	202.67	203.74	245.90	202.34	183.80
Singapore (25)	202.46	+1.1	168.16	191.71	173.36	169.83	+0.4	2.05	200.35	166.93	191.43	171.97	169.15	207.93	179.70	157.79
South Africa (60)	181.48	+2.7	150.74	171.84	155.39	159.64	+1.0	3.73	176.79	147.29	168.91	151.74	158.05	251.39	170.00	153.21
Spain (42)	175.62	+0.9	145.87	166.30	150.38	134.38	+0.6	3.98	174.09	145.05	166.34	149.43	133.54	175.62	132.84	151.71
Sweden (34)	232.74	+1.3	193.31	220.39	199.30	206.13	+1.0	1.96	229.83	191.49	219.60	197.28	204.15	232.74	173.89	169.32
Switzerland (67)	108.45	+1.1	90.08	102.70	92.88	93.53	+1.0	2.21	107.27	89.37	102.50	92.09	92.64	108.45	88.75	84.71
United Kingdom (304)	170.19	−0.4	141.36	161.14	145.72	141.36	−0.7	4.82	170.79	142.30	163.17	146.59	142.30	170.79	139.87	144.98
USA (539)	145.52	+0.0	120.87	137.80	124.61	145.52	+0.0	3.34	145.52	121.24	139.04	124.91	145.52	148.55	130.61	130.67
Europe (981)	153.43	+0.1	127.44	145.29	131.38	129.19	−0.1	3.54	153.21	127.65	146.39	131.52	129.38	153.43	135.57	122.23
Nordic (116)	214.73	+0.9	178.35	203.33	183.86	179.11	+0.6	1.69	212.73	177.24	203.25	182.60	178.03	214.73	185.01	166.37
Pacific Basin (659)	150.13	+1.4	124.69	142.16	128.55	141.58	+0.5	0.91	148.03	123.33	141.43	127.06	140.81	192.75	124.63	174.56
Euro–Pacific (1640)	151.87	+0.9	126.14	143.80	130.04	137.16	+0.3	2.00	150.53	125.42	143.81	129.20	136.81	174.18	130.35	153.71
North America (658)	145.04	+0.0	120.46	137.35	124.21	143.64	+0.0	3.34	145.00	120.81	138.56	124.48	143.60	147.87	131.02	131.20
Europe Ex. UK (677)	141.78	+0.5	117.76	134.28	121.42	121.48	+0.2	2.72	141.12	117.57	134.86	121.16	121.26	141.78	124.81	107.74
Pacific Ex. Japan (205)	141.02	+1.5	117.13	133.55	120.76	123.99	+1.0	4.96	138.89	115.72	132.72	119.23	122.70	141.02	122.53	116.89
World Ex. US (1832)	151.93	+0.9	126.19	143.88	130.10	137.08	+0.3	2.06	150.59	125.47	143.89	129.27	136.71	173.77	131.30	153.32
World Ex. UK (2067)	146.41	+0.7	121.61	138.65	125.38	139.61	+0.3	2.23	145.40	121.14	138.93	124.82	139.23	162.00	130.80	144.15
World Ex. So. Af. (2311)	148.32	+0.6	123.19	140.46	127.01	139.59	+0.2	2.48	147.47	122.87	140.92	126.60	139.35	161.84	131.95	144.15
World Ex. Japan (1917)	148.81	+0.2	123.60	140.92	127.44	138.33	+0.0	3.49	148.57	123.78	141.96	127.54	138.32	148.81	134.62	127.57
The World Index (2371)	148.52	+0.6	123.36	140.64	127.18	139.73	+0.2	2.49	147.65	123.02	141.08	126.75	139.48	162.05	132.25	144.21

US market closed July 4. Latest prices were unavailable for this edition.

YUGOSLAVIA

Friday July 6 1990

The breakup of the communist party did not lead, contrary to speculation, to the disintegration of the Yugoslav Federation. But now that the first phase of reform has been completed, writes **Judy Dempsey**, Prime Minister Ante Markovic has a daunting task ahead

Nationalism versus a bright future

Mr Ante Markovic, Prime Minister, making a speech in which he pledged to roll back state socialism and beat the economic crisis. His success has opened up new vistas for the country

YUGOSLAVIA, like the other countries in eastern Europe, is embarking on the difficult road towards a market economy and democracy. Unlike most of its eastern neighbours, however, Yugoslavia's path towards democracy is blocked by an enormous barrier: the giant of nationalism.

Nationalism, which plagued the young Yugoslavia after 1918, was contained through the sheer political and authoritarian force of Josif Broz Tito. But now, as communist rule tumbles down in many of the republics, the monster is once again on the move and is threatening the fragile integrity of this diverse, multi-ethnic country.

The giant is in some ways keener about sabre-rattling and rhetoric than it is of actually damaging the radical economic reforms which Mr Ante Markovic, the elusive and fox-like Prime Minister, is attempting.

Indeed, one of Mr Markovic's greatest strengths is his apparent ability to resist intimidation by nationalism as he prepares to introduce a second package of economic measures.

The first reforms, introduced last December, had one goal: the introduction of an anti-inflation policy spread over a six-month period. Inflation in 1989 was up to 2,700 per cent a year. All confidence in the dinar, the Yugoslav unit of currency, had collapsed, while wages and prices were almost out of control.

In one sweep, Mr Markovic brought inflation almost down to zero in six months by introducing a new currency which he tied to the Deutschemark (at the rate of 7 dinars to 1 DM). He liberalised imports, imposed a partial six-month price freeze covering a basket of industrial producer goods (particularly utilities), and froze wages and salaries.

The results of this anti-inflation policy, the consequence of tight monetary and fiscal controls, are encouraging. Confidence in the dinar has risen to such an extent that foreign-exchange reserves have increased from US$1bn to more than US$8bn. Exports have markedly shifted from the Comecon countries to western markets.

The one black spot – which Mr Markovic's advisers regard as the most crucial area, which must be tackled very soon – is the sharp (and continuing) fall in industrial productivity.

On average, for the first quarter of 1990, industrial productivity fell by 7 per cent. It varies from republic to republic: in Kosovo, one of the poorest regions of the country, productivity fell by 20 per cent.

Throughout, the reasons are the same: a shortage of investments, weak foreign demand and rapidly rising imports. Hence the importance of the next phase of economic reforms aimed at completing the market-oriented fiscal reforms by 1995.

These will take several years to implement and involve institutionalising economic reforms including a rehabilitation of the banking sector and a consolidation of accounts in the public sector. The government intends also to create a more consistent fiscal policy throughout the country, which means redefining the relationship between the republics and the federal authorities.

More significantly, Mr Markovic is planning a long overdue reform of the tax system. In a nutshell, the idea is to harmonise taxation. Little coherence in this sector exists between the republics, the provinces and the municipalities, which in turn makes it impossible to assess the efficiency of the public sector, or public sector spending.

The authorities also envisage the introduction of VAT in 1994, coupled with a tariff system of import quotas and the imposition of import duties on a large basket of products which will help raise revenue.

As Mr Markovic prepares to tackle the second phase of his economic reforms, nationalism may well cast a dark shadow over what has been – so far – a fairly smooth path to the market economy.

This is the problem which Mr Mikhail Gorbachev, the Soviet leader, is also facing.

Because Yugoslavia and the Soviet Union are multi-ethnic countries, each endowed with markedly different political cultures and traditions, both Mr Gorbachev and Mr Markovic share one thing in common in the transition from a one-party state to a multi-party system: nationalism has moved quickly to fill the vacuum left by crumbling communist rule.

This is partly understandable.

Unlike Hungary, where the ruling communists started setting up independent civil and economic institutions before ceding power to a democratically-elected government, the ruling communist parties in the Soviet Union, Yugoslavia and all other countries in eastern Europe had neither the time nor the inclination to pursue a similar path.

Unlike other eastern European countries, Yugoslavia and the Soviet Union are not largely homogenous.

Recent elections in Croatia and Slovenia, where the ruling communists were decimated, put in power right-wing governments whose electoral platforms were unashamedly nationalist.

Nationalist sentiments can be understood in a country in which suspicions and fears of domination by Serbia, the largest of the six republics, run very deep.

Nevertheless, the nationalist "ticket" is a dangerous one, largely serving to destabilise a country which is going through the very difficult process of dislodging the communists from power and redefining its identity.

For his part, Mr Markovic has no qualms about Yugoslavia's identity or its future. He recognises the weaknesses and strengths of the country's rich diversity, but he also acknowledges the destructive way in which nationalism could act as the separatist engine which could undermine the integrity of the Yugoslav Federation.

That is why his second phase of reforms is designed specifically to give weight to the Federation at the expense of the republics.

A country anchored, the reasoning goes, on a federal system of taxation, property rights and banking would negate – or at least temper – demands by some of the republics to "go it alone," a path which Serbia seems for the moment to be intent on travelling.

This next economic reform package is, thus, crucial: the measures will, it is hoped, bind the country together. Nationalism may well attempt to loosen those ties; but in the end the six republics and two provinces have no alternative but to link up with the shaky train heading to democracy.

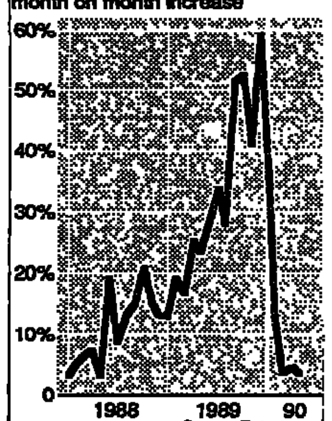
The signs look promising if the republics and provinces stay with the train.

If not, the whole train is likely to be derailed and few outsiders are likely to be seen rushing forward to rescue the survivors.

IN THIS SURVEY

Inflation

Consumer prices
month on month increase



Editorial production: Heather Parker

The unwitting Milosevic shot himself in the foot, writes **Judy Dempsey**

Nationalism runs out of control

IF there is one man who, against all intentions, precipitated the collapse of the ruling League of Yugoslav Communists, it is Mr Slobodan Milosevic, the President of Serbia. In doing so, moreover, he released from its bottle the genie of nationalism.

For the visitor to this culturally diverse country, the recent elections in the western republics of Slovenia and Croatia seemed simply part of the *democracy sweeping* eastern Europe. Those first free elections for more than four decades were not, however, the result of enlightenment among *communist leaders, although it* is true that the communists in Slovenia were the first willingly to pave the way for a democratically-elected parliament. Instead, the force driving against communist rule was none other than the nationalist one directed by Mr Milosevic.

Some observers could thank Mr Milosevic for precipitating the collapse of the communist system. In reality, his policies have left behind a path of destruction, paved with nationalism and the public articulation of deep antagonisms between the six republics and two provinces.

The trail of destruction, fuelled by political ambition, began in October 1987 when Mr Milosevic and his sympathisers overran the Belgrade communist party organisation. Not content with this, he managed to get himself elected as communist party leader of Serbia, promising to purge the corrupt and unwieldy bureaucracy, improve the efficiency of the Serbian economy, and improve living standards – all empty pledges.

Soon after, he turned the Serbian media, once a beacon of liberalism, into a bastion of nationalism and dogmatism. Polityka, once the doyen of the Yugoslav press, became the mouthpiece of the Milosevic clan and its sycophants.

Mr Milosevic's goals were almost in sight: to be leader of Yugoslavia and to restore dignity to Serbs, who felt deeply aggrieved by the 1974 constitution in which the late President Tito carved out of Serbia the two autonomous provinces of Vojvodina and Kosovo. The Serbian/Milosevic clan, anxious to consolidate their power, capitalised on this sense of loss by deploying the nationalist card against Kosovo.

Milosevic turned the media, once a beacon of liberalism, into a bastion of nationalism

In Mr Milosevic's view, the small Serb and Montenegrin minorities in Kosovo were *being discriminated against* by the ethnic Albanian majority which makes up 90 per cent of the province's population.

It remains difficult to prove the Serbs were being forced by the ethnic Albanians into quitting the province, so that the Albanians could then claim Kosovo deserved to be granted the status of a republic.

Constitutionally, this is feasible, but any notion that ethnic Albanians would join ranks with their fellows across the border in Tirana was pure fantasy. In any case, ethnic Albanians and Serbs were leaving the province largely because of the wretched economic and social conditions.

Harking on the nationalist issue and the need to readdress a perceived historical justice, Mr Milosevic mobilised his supporters in 1988, a year which will be remembered for mass nationalist-inspired Serbian demonstrations.

The demonstrators' promise *to retake Kosovo was empty*. The gap between rhetoric and action remains, as ever in Yugoslavia, very wide. The Serbs did, however, manage to create *havoc in Montenegro* and Vojvodina by attempting to force the ruling communists over to the Serbian cause.

By 1989 the battle lines had been drawn. Slovenia, Bosnia and Croatia opposed the Milosevic tactics, while Montenegro and Macedonia sheepishly sided with the Serbs. Violence, meanwhile, erupted in Kosovo as Serbia managed to regain control.

As a spin-off, the opposition *in Slovenia and Croatia finally* woke from their long sleep. Sensing growing opposition to communist rule, Mr Milan Kucan, the party leader of Slovenia and one of the few liberal/reform-minded communist leaders in the country, started paving the way for democratic elections.

He had no choice. If he sided with Serbia, he would lose the elections. Forced into a situation similar to that of his communist counterparts in Lithuania, Mr Kucan sided with the opposition in their demands for free elections.

His instincts were proved right. Demos, a lose coalition of social democrats, won the elections last April, and the communists were ousted. Mr Kucan, however, was elected President, testimony to his ability to keep one step ahead.

The Croatian communists, incensed but powerless to confront Mr Milosevic, who was now trying to rouse to action *the Serbian minority in Croatia*, followed suit. Last May the communists ceded power to the Croatian Democratic Bloc, a right-wing nationalist group led by Mr Franjo Tudjman, a retired general and Partisan war hero.

The platform on which Demos and the Croatian Democratic Bloc stood was nationalism – or, to be more precise, anti-Serbian nationalism. Mr Milosevic, a ham-fisted tactician, had unwittingly ignited the flame which drove the communists from power. He has now lost all support from these two republics.

One of the most disturbing aspects to these elections is that Mr Tudjman, a mercurial figure, is playing into the *hands of the Serbs*. He suggested Croatia's borders should extend to those lands inhabited by Croats. This means the integrity of Bosnia-Hercegovina, a heterogenous republic containing Muslims, Serbs and Croats, would be *threatened*.

To complicate matters, the opposition in Serbia is now becoming restless. Having seen the communists dislodged with relative ease in other republics, they are now demanding free elections in Serbia.

Mr Milosevic, who is now President of Serbia but still commands considerable control over the corrupt, dogmatic communist party, is concerned with this growing opposition – so much so that in an attempt to improve the image of the communists, he changed the name of the Serbian communist party to the Serbian Socialist party.

Observers of Yugoslav politics cannot but be amused by such a *tour de force*. It was only last January that, at the anachronistic, *almost farcical* Federal Party congress, Mr Milosevic railed against reform communists, particularly the Slovenes who, for electoral and ideological reasons, walked out of the congress, changed their name and faced the electorate.

Now, *sensing* how the tide is turning, Mr Milosevic, is fighting for his political survival. The opposition is vehemently anti-communist, and want elections *as soon as possible. For* technical reasons linked to the Serbian constitution, however, the communists are insisting that the constitution should first be rewritten on the grounds that the present one does not allow for such elections.

A new Serbian constitution represents a last-ditch attempt to integrate Kosovo and Vojvodina fully into the republic. This would end all vestiges of autonomy in these two provinces.

But although the opposition is anti-communist, it is more nationalist even than Mr Milosevic. *Mr Vuk Draskovic*, the leader of the Movement for the Rebirth of Serbia, thinks ethnic Albanians should be repressed even further. He even suggests Serbia should start considering the fate of the Serbs in the republics of Macedonia and Bosnia. Hardly surprisingly, this is sending ripples through these two republics, both of which are also planning elections.

Liberal intellectuals in Serbia and Vojvodina are finally raising their voices against nationalism. They are even suggesting Mr Milosevic, the communists and the nationalists will run out of steam.

If and when Serbia recognises this, Yugoslavia might settle down to create the social, economic and political institutions necessary for a functioning multi-party system.

The seeds of distrust have, however, been sown by Mr Milosevic and by Serb nationalists. Fostering any degree of trust rests with Mr Markovic, one of the few politicians who has appeared able to transcend nationalist rhetoric.

Laura Silber looks at the delicate balancing act that is going on

The foreign ministry is looking westward

THE foreign ministry has had a busy year, from hosting the Summit of Non-Aligned countries to coping with the collapse of communism in Eastern *Europe and at home*. As the country grapples with momentous changes, the foreign ministry is adopting practical policies aimed at boosting European co-operation.

These include:

- Orientation towards the European Community. Talks are expected to start by next year concerning Yugoslavia becoming an associate member;
- A redefinition of Yugoslavia's relations with neighbouring countries brought about by the new developments in Eastern Europe;
- A drive towards forging a unified foreign policy – a difficult task when the idea of a Yugoslav Federation itself is being questioned;
- A reappraisal of the role of the Non-Aligned Movement, of which Yugoslavia was one of the founding members.

As the Foreign Ministry attempts to address these issues, however, it in turn is being placed in a delicate position as Yugoslavia makes the transition from a one-party state to the multi-party system.

Foreign policy is traditionally anchored in the federal government's domain. However the government itself is in danger of being undermined by the individual interests of the six republics. For this reason, the foreign ministry is being forced into a balancing act in its attempts at consensus.

Europe

Attaining consensus among *the six republics* and *two* autonomous regions on any issue is a difficult task. However, they all share the fear of being "left out" or isolated from the Community as it moves towards full integration by 1992.

"Although much preparation has to be done, the political commitment certainly exists," says Mr Srdjan Kerim, the vice-minister of Foreign Affairs. "There are pressures to hasten *integration, but we know that* Yugoslavia cannot yet bridge the gap to join the Community," he added in a reference to the basic prerequisites for EC membership: a stable multi-party system and a market economy, both of which Yugoslavia has yet to attain.

These goals are being facilitated by the Prime Minister Ante Markovic. For one thing, The economy is being shifted quickly from State regulation, although it will be a few years until market forces are flourishing. In a first step toward European integration, Yugoslavia has applied for membership to the *Council of Europe*.

In a complex society such as Yugoslavia, any change is complicated by the fact that politics and economics are intertwined with national issues. The six republics, thus, are each moving towards political pluralism at their own pace.

On *occasion*, it seems the republics conduct their own foreign policy. Slovenia, the richest republic, tucked in the north west of the country, has already made overtures to Brussels, while Serbia has attempted, on a bilateral basis, to forge links with Israel.

The Foreign Ministry responds coolly to these diplomatic forays. It is understood, however, that Brussels has sent an unambiguous message to Belgrade making it clear that membership for individual republics cannot be considered.

In addition to edging closer to the EC, the Yugoslav authorities are also keen on stepping up co-operation within the region.

Economic co-operation

Recently, Yugoslavia, together with Austria, Hungary and Italy, launched an economic co-operation programme which Czechoslovakia soon joined. Known by the rather ungainly title of the Pentagonal Conference, these countries are anxious to intensify trade and other economic contacts.

The western Yugoslav republics are active in Alpe Adria – a consortium which extends to Italy, Austria and Hungary; while Serbia announced the formation of a Danube basin co-operation in June, which, apart from Bavaria and Austria, includes the eastern countries along the Danube river. As ever, there are parallel efforts to boost *Balkan* co-operation, which could ease tensions while the dust of change settles.

Yugoslavia's independent foreign policy has been a source of pride since the country broke with Stalin in 1948. Yet the revolutions in Eastern Europe have undermined this claim to uniqueness. Yugoslavia, like the East European countries, must now come to terms with its communist legacy.

Relations with the east

It must also reassess its relations with its eastern neighbours.

It seems to be a rule that the further away the country, the better the relations. Yugoslavia's main problem with the USSR, once a potential aggressor, is the trade surplus of US$1.6bn. Relations with Poland and Czechoslovakia seem free of problems. The unrest in Rumania, formerly a relatively secure border due to the absence of Warsaw pact tanks, causes concern, but the two countries seem to be on relatively *good terms*.

The same cannot be said for its other neighbours, where matters are complicated by the question of Yugoslav nationalities in these countries.

Yugoslavia, for example, is sensitive to perceived interference by Hungary with regard to the 300,000-strong ethnic Hungarian population in the Province of Vojvodina, which borders *Hungary*.

The issue of Macedonia remains a thorn in relations with both Greece and Bulgaria. Neither country recognises the existence of a Macedonian nation, while Macedonians in Yugoslavia have their own republic, which shares borders with both countries.

Relations with Albania are complicated due to the large ethnic Albanian minority in the southern province of Kosovo, which Albania says is being persecuted. Belgrade counters that Tirana is stirring up separatist tendencies in the province.

Exchanges over the past few years have been mostly acrimonious. Mr Milovoje Maksic, the Deputy Foreign Minister, is confident, however, that Albania's *step out of isolation will* improve relations. He expects high-level visits from Albania in the near future, and points to plans for southern Adriatic co-operation with Southern Italy, the Yugoslav republic of Montenegro and Albania as a way to speed up the process.

Non-Aligned Movement

Even Yugoslavia's role in the Non-Aligned Movement reflects the move to practical goals.

When more than 100 countries gathered in Belgrade in September, Yugoslavia took the helm and, along with moderate leaders such as India and Egypt, managed to steer the movement towards tackling concrete issues such as economic co-operation *and the environment*.

Radical polemics by such hard-line states as Vietnam or Cuba were practically ignored. Although the non-aligned movement has been overhauled since the days of the first summit in 1961 in Belgrade, and while Yugoslavia is reluctant to admit that non-alignment has diminished in importance, they concede that Yugoslavia is looking westward.

Inflation down from 2,700 to 4%; CPI down from 60 to 4%; retail prices continue to fall

Economic reform programme pays off

THE Yugoslav authorities have garnered much credit for introducing a tough anti-inflation policy coupled with a freeze on incomes.

But the government's continuing commitment to containing inflation, boosting industrial output and closely monitoring wage increases will be put to the test over the next few months as it implements the second phase of its economic reform package.

The first substantial reforms were unveiled last December by Mr Ante Markovic, the Prime Minister. He launched what amounted to a comprehensive anti-inflation programme. Wages were frozen and most prices, except in utilities and other public services, were lifted.

He also pegged the dinar, the Yugoslav unit of currency, to the Deutschemark. By doing so, he restored confidence in the currency: its black market value had been helping to fuel inflation.

The programme, spread over six months, has clearly proved successful. Inflation, running at more than 2,700 per cent a year, was brought down to less than 4 per cent in May. The monthly consumer-price index fell from 60 per cent in December 1989 to 4 per cent by the end of April.

The curb on inflation and wages has also led to a fall in retail prices of both industrial producer goods, which fell by 1.5 per cent between April and May, and agricultural products, which fell by 64 per cent.

"The liberalisation of prices and more competition on the market meant a lowering of some goods," explained Mr Andrija Jovicic, director of the Federal Institute for Social Planning.

The authorities also built up the foreign exchange reserves from US$5bn to $8.5bn by the end of May. Mr Jovicic reckons that by the end of 1990, the reserves will total $10bn.

About two-thirds of the reserves, which for the moment are not being earmarked for investment, are held by the National Bank, where they are invested in 3A security bonds. The remainder are held by the commercial banks.

The reserves are not treated as capital investments because of the convertibility of the dinar. "We had to keep our foreign reserves high in order to ensure our country is liquid outside and to secure the convertibility of the dinar," explained Mr Jovicic. He added that it was essential to have reserves available in order to keep a hold on inflation.

This touches on a problem the Markovic government must soon tackle: the fall in industrial production. During the first four months of 1990, it fell by 8.7 per cent compared to the same period last year. The government had expected a fall of between 3 and 4 per cent.

Part of the reason for this fall is the lack of investments. "The major problem for the Yugoslav economy is the lack of capital accumulation in enterprises," commented Mr Jovicic.

To improve industrial output, the government is hoping that its second batch of economic reforms will help generate a new investment cycle.

The reforms include:

- The establishment of a wage bargaining system, a crucial mechanism once the freeze on wages is lifted.
- Mr Jovicic thinks wages can be kept under control because of the new conditions under which enterprises will be allowed to increase wages. For instance, those enterprises performing well will be allowed to increase wages, but only on condition that part of the surplus profit will be set aside for capital accumulation.

However, enterprises which continue to make losses will not be allowed to raise wages. Furthermore, if any enterprise in one month has been liquid for five consecutive days but has nevertheless recorded a profit, the authorities will still not allow it to raise wages.

- The reduction of operational costs of some enterprises which will either lead to factory closures – a highly politically-charged issue – or a reduction in the labour force.

Unemployment estimates for 1990 range between 150,000 and nearly 1 million. But Mr Franc Horvat, the Federal Secretary for Foreign Economic Relations, remains confident the expansion of small and medium-sized private enterprises, increase in foreign investment and the growth of joint ventures will absorb the temporary unemployment.

- The introduction of a fiscal policy which should take up some of the burden borne by the tight monetary policy.

Mr Aleksandar Mitrovic, the deputy Prime Minister, says an overhaul of the taxation system will play a big role in the economic reforms. "Our taxation system is upside-down. We do not have a taxation system compatible with the market economy. We must have a single taxation system," he explains.

The present system verges on chaos. In fact, the integration of the Yugoslav economy has been hampered because of the disparities in tax rates, tax bases and exemptions between regions, sectors and branches of industry. This situation, which clearly adversely affects competition and the allocation of resources, will be addressed in the second package of reforms, says Mr Mitrovic.

The idea, he says, is for the government to introduce a personal income tax, which rates will be determined by the republics, which will also retain the revenue. This, says Mr Mitrovic, will lead eventually to the introduction of Value Added Tax.

On the issue of federal finances, the authorities intend to reduce the reliance on customs duties and indirect taxation which, says Mr Mitrovic, accounted for 30 per cent of the budget revenues in the 1980s. This has been reduced to 18 per cent in 1989 and in 1990 will fall to 12 per cent.

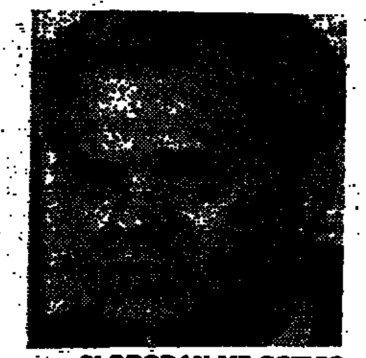
- A rehabilitation of the banking sector (see below).
- Defining property and ownership rights, a task which all the countries of eastern Europe have to address. Although the Yugoslav authorities have gone the furthest in opening up to foreign investment and investors, certain ambiguities still have to be resolved in the relationship between the joint foreign and domestic run management, and the workers' Council.

These are not imponderables. The only thing that is, is maintaining consensus – and against all odds, Mr Markovic has managed this. For the moment, he has the country behind him. The social consequences of the second phase of the economic reforms are likely to bite later this year, when living standards could be further depressed.

In addition, the unknown factor of nationalism continues to loom. Were the nationalists, particularly in Serbia and Croatia, to transfer their rhetoric to the streets, and were Serbia doggedly to pursue its own economic path, investors might reappraise their involvement in Yugoslavia.

But for the moment, the omens for Mr Markovic and his policies look good.

Political quartet seeks harmony



SLOBODAN MILOSEVIC

THE man once affectionately referred to as Slobo, who for several years was one of the key players in Yugoslav politics, is now fighting for his political life.

Slobodan Milosevic, 49, the bane of liberals and the hero of nationalists, risks ceding power to anti-communists if elections in Serbia take place later this year. Were this to happen, nationalism would lose one of its most articulate spokesman and reformers would lose one of their sharpest critics.

Either way, Yugoslavia would inherit the nationalism Mr Milosevic unleashed three years ago.

Then Mr Milosevic, the son of an Orthodox theology teacher, entered the political arena and moved quickly, riding on the bandwagon of nationalism, to gain control of the Serbian party organisation. Not content with gaining control over the autonomous province of Kosovo, he strove to carve out a separate economic and political programme for Serbia, the largest of the republics.

Serbs today are tiring of the nationalist rallies and the unfulfilled promises of a better life. Instead, they want pluralism and an end to one-party rule.

The authoritarian Mr Milosevic will find it difficult to meet these demands. Like most politicians, he wants to survive, but this time, round, the odds may be against him.

ANTE MARKOVIC

FOR the Prime Minister, the omens are good.

Few would have agreed in March 1989, when he took over the thankless task of running a federal government which had no real powers. Mr Markovic soon changed that. He formed a cabinet on the basis of competence rather than party loyalty; he chipped away at the gargantuan bureaucracy which devoured the budget; and he took powers away from the crumbling and quarrelling ruling League of Yugoslav communists and gave them instead to the government.

His businesslike, plain-speaking approach to the country's chronic debt problem won him support rather than criticism. By the time he unveiled the first phase of his economic programme last December, Yugoslavs seemed prepared to take anything from him, including a pay freeze – and that has more to do with Mr Markovic's personality than their tolerance.

After 33 years' work at the giant Rade Koncar engineering works in his native Croatia, Mr Markovic has no illusions about what drives (or holds back) efficiency and productivity. Moreover, his ability to sidestep nationalist issues and focus on national interests has earned him a reputation as an impartial player in the increasingly complicated political arena.

MR FRANJO TUDJMAN

THE President of Croatia and the republic's first democratically-elected leader for more than half a century is authoritative. He is a man with a fixed vision of Croatia's history and future: Croatia must be a sovereign state within the borders of a Yugoslav "confederation" – or else go it alone.

But the former general is also a man whose rhetoric rarely matches his deeds. Since assuming office in May, he has moderated his views – and has even said he would willingly negotiate the future political structures of Yugoslavia before taking any unilateral decisions. The mantle of power forces pragmatism and moderation even on the most die-hard of nationalists.

Mr Tudjman's nationalist past is long. Born in 1922 in Zagreb, the capital of Croatia, he was imbued with Marxist ideology. That gave way to nationalism after he joined Tito's partisans to fight, he says, "for a free Croatia." In the 1960s, his fiery nationalism led to his expulsion from Zagreb university and, later, imprisonment on charges of Croat nationalism. Tito, it is said, intervened on his behalf.

He considers the 1974 constitution to be one of Tito's greatest achievements. Serbia thinks otherwise. But then, Croatia and Serbia have rarely agreed in the years since the country was founded in 1918.

Image of a hero

VUK DRASKOVIC

MOBBED by throngs of young supporters, Vuk Draskovic, 44, leader of a Serbian nationalist party, sits in a cafe redrawing Serbia's borders.

Mr Draskovic's opposition group, the Serbian Movement for Renewal (SMR), claims more than 300,000 members. Like their leader, known affectionately as Vuk (wolf), many affect long hair and beards, in the image of many Serbian heroes.

Until recently, Mr Draskovic's fame rested on his five books, which focus on what he calls the "genocide of the Serbian people." This amounts to a catalogue of grief concerning the fate of Serbs in the Second World War, post-war territorial divisions, and perceived abuse under the Communists.

He won support from nationalists by speaking out for Serbia when it was taboo to do so – and even before President Milosevic hijacked nationalist sentiments three years ago to gain power.

Mr Draskovic was indeed leader of one of the first "pro-Serbian" groups to come out against Mr Milosevic. But like Mr Milosevic, he is anxious to redraw Serbia's borders.

The map he has in mind is one which would double the size of Serbia by incorporating certain historical borders, including parts of the republics of Croatia, Bosnia-Hercegovina, Montenegro and Kosovo. What a best-seller that would be for his followers who could possibly catapult their hero into power.

KEY FACTS

Area	256,000 sq km.
Population	23,556,000
Head of State	President Janez Drnovesky
Currency	Yugoslav Dinar
Average Exch Rate	2.88 New Dinars per US$

ECONOMY

	1988	1989
Total GNP (US$ m)	56,287	39,244
Real GNP growth	-2.5%	-0.4%
GDP per capita (US$)	2,989	N.A.
Current account balance (US$m)	2,487	1,770
Exports incl. non-factor svcs (US$ m)	12,779	13,800
Imports incl. non-factor svcs (US$ m)	12,000	13,680
Trade Balance (US$ m)	779	120
Trade Dependency*	44.0%	70.0%
Total reserves minus gold (US$m)	2,298	4,136
Total Public sector expenditure as % GDP	31.3%	N.A.
Total foreign indebtedness (US$ m)	21,684	19,685
Debt as share of GDP	38.5%	50.2%
Interest payments (% of exports)	8.8%	9.4%
Inflation (average per annum)	195%	1,252%
Producer prices (industrial goods)	203%	1,306%
Industrial Production (% change)	-4.8%	-9.1%

* Exports plus imports as % of GNP

Source: IMF, OECD, EIU

The problems in Kosovo epitomise Yugoslavia's ethnic headache, writes **Laura Silber**

Move to democracy jarred by power struggle

ONE of the greatest challenges facing Yugoslavia as it makes the delicate transition from a one-party system to a multi-party democracy, is defining the position of ethnic minorities within this country.

The problem is especially painful in Kosovo, the turbulent province tucked in the south of Yugoslavia, which shares a border with Albania. Today, Kosovo is one of the thorniest issues in Yugoslavia, where nationalism is the bridge from communism to democracy.

For the last two years, Kosovo has been the scene of bitter conflict between Serbs and Albanians. At least 30 ethnic Albanians were killed in 1990 when thousands took to the streets throughout the province to demand greater autonomy from Serbia, Yugoslavia's biggest republic.

The southern province encapsulates the problem facing Yugoslavia while it struggles with the legacy of 45 years of communism. National identity was discouraged during Tito's rule – when it erupted, it was suppressed, by force if necessary.

Kosovo is Yugoslavia's poorest region – the average monthly salary of 1,718 dinars (US$146) is just over half the national average; the unemployment rate is nearly double the national average of 18 per cent; the province is the most densely populated region in Yugoslavia, and ethnic Albanians, who have the highest birth rate in Europe, make up nearly 90 per cent.

At issue in Kosovo is the future status of 1.7m ethnic Albanians.

Serbians often perceive Kosovo to be the seat of Yugoslavian civilisation. It was from here that the medieval empire, under Tsar Dusan, was ruled. At Pec, in the heart of Kosovo, the Orthodox Serbs built their spiritual capital, symbolised by the Patriarchate.

The Serbs defended their kingdom against the Ottomans, but lost the Battle of Kosovo in 1389, an event which still figures prominently in the Serbian national consciousness.

Serbs and the descendants of the indigenous Illyrians – the Albanians, who are Muslim, Catholic and Orthodox – lived together in Kosovo during the centuries of Ottoman rule. The two rich cultural traditions complemented each other.

As the heart of Serbian civilisation moved northward and Belgrade became the economic and political hub of the nation, the Serbian population in the region declined.

After the Balkan Wars of 1912-13, the Serbs returned to Kosovo, where the Albanians had become the majority. The cultures clashed when the Serbs tried to regain Kosovo through a colonisation programme, and attempts to suppress the Albanians were continued under the communists.

To prevent the largest ethnic group from dominating the country, Tito carved up Serbia – Vojvodina to the north and Kosovo and Metohija to the south.

In spite of attempts to reduce Serbian influence, Kosovo was controlled by Mr Aleksandar Rankovic, Tito's security chief, whose name still evokes memories of repression and persecution among ethnic Albanians.

When he was ousted in 1966, Albanians took to the streets demanding equal rights. In response to their demands, and against Serbian wishes, Tito gave the ethnic Albanians rights to cultural expression.

This was cemented in the constitution of 1974 and the granting of full autonomy to the Albanian population.

For the next seven years money was poured into the province. A huge university library, a 13-story hotel, a state-of-the-art sports complex and several towering office buildings stand in stark contrast to the squalid poverty of the region. Funds were misused and poorly invested, and the province's infrastructure was not improved.

To prevent the largest ethnic group from dominating, Tito carved up Serbia

The Albanians were, however, pacified ... until riots broke out in 1981, when Kosovo demanded the status of a republic within Yugoslavia. Belgrade responded by sending in the army.

Serbs from Kosovo perceived the years before 1981 as the worst in memory when Albanians excluded them from political and economic power. They fled the province claiming intimidation and brutality by the Albanians.

Mr Slobodan Milosevic, now the President of Serbia, came to power in 1987 largely on promises to restore wounded Serbian pride and to redress the 1974 constitution.

Nationalism proved a useful tool to mobilise the sleeping republic. Propelled by awakening Serbian nationalism, the Serbian constitution was amended, reducing Kosovo's autonomy. Serbia said it was finally on equal footing with the other Yugoslav republics. The amendments sparked ethnic Albanian riots in which 28 people were killed.

Albanians feel Serbian policy in Kosovo threatens their ethnic identity, particularly a "re-colonisation plan" which guarantees employment and housing to Serbs who settle in Kosovo. Such a programme would heavily burden the already failing Serbian economy.

The province's political landscape has changed dramatically in the last year. Serbian attempts to stop Albanians from organising politically have failed. En masse, Albanians have left the Kosovo Communist Party, which is under direct control of the Serbian Party, and joined opposition groups, mainly the Democratic League of Kosovo led by Mr Ibrahim Rugova, a prominent intellectual. The Democratic League claims more than 50,000 members.

Ethnic Albanians have gained political self-confidence, due in part to perceived support from beyond Serbia, the western Yugoslav republics and abroad. The opposition is united in demands for free elections. Yet Serbia fears that multi-party elections would bring a secessionist Albanian government to power.

The Kosovo conundrum is especially acute as neighbouring Albania, one of the last bastions of one-party Communist rule in Eastern Europe, opens up. Serbia is afraid of losing the province to Albania. There is a fear that, faced with reduced political options in Yugoslavia, Kosovo Albanians may turn to Albania as the country comes out of its cocoon, joins the Conference on Security and Co-operation in Europe (CSCE) and liberalises its harsh legal code.

The province's Albanians, however, say their future is within Yugoslavia – but with equal rights.

The Serbian Government promises free elections by next spring, following the promulgation of a new constitution which would centralise decision-making in Belgrade. The opposition, including groups in Serbia, have demanded free elections before a new constitution, saying the government has no mandate.

The Serbian Government shows no signs of capitulating to avoid being the last Yugoslav republic to hold free elections. But at the same time, Serbia is faced with the question of whether to allow elections in Kosovo, where ethnic Albanians will gain certain victory.

If elected to Parliament, the opposition would undoubtedly make a bid for autonomy from Serbia, which already controls Kosovo's police and courts. In essence, it is thought they will call for a return to the 1974 constitution.

The Albanian deputies to the province's Parliament continue to refuse to implement Serbian policy. Shadow organisations divided along ethnic lines have been formed parallel to official institutions. In short, Kosovo has de facto segregation, a strange blend of official and opposition policy. Albanian and Serbian pupils go to school at different times. Each ethnic group patronises its own shops, cafes and restaurants.

What is taking place is a struggle for power. As the political environment changes within Yugoslavia, there are hopes a solution could be found. Yet to rebuild confidence will demand concessions from both sides. The chances of that are more remote than ever.

Tudjman finds nationalism is a double edged sword, but . . .

Croatia weathers the first storm

AMID colourful pageantry, Croatia convened its first non-communist parliament in more than 45 years last spring. The centre-right Croatian Democratic Union (CDU) had won a landslide victory.

However, Yugoslavia's second-biggest republic's first steps towards democracy have escalated Croatia's conflict with Serbia, the biggest republic, further damaging a relationship which has traditionally been the axis of Yugoslavia.

The relationship, strained by ethnic and political rivalry, has been in sharp decline for several years.

Croatia's communists, now called the Party for Democratic Change (PDC), had been at odds with the Serbian party over reform, and perceived Serbian attempts to dominate the Yugoslav Communist Party.

The rising friction between Serbs and Croats, evident in grassroots conflicts as well as in political forums, has led analysts to worry about a direct conflict between the two nations, which have a long history of antagonism. The fiery nationalist rhetoric that characterised the CDU's campaign opened old wounds, stirring fears throughout the country.

As the CDU settles down into the business of government, nationalism has simmered down.

The CDU won 205 out of 365 seats in the Sabor, the Croatian parliament. The party fuelled its powerful campaign on Croatian resentment of Serbia and an alleged US$4m in foreign campaign contributions.

Mr Franjo Tudjman, the newly-inaugurated President of Croatia and a former Army general, engineered the CDU's victory over the reformist communist Party by promising the Croats political and economic sovereignity.

As Yugoslavia makes the transition to a multi-party system, however, the issue of sovereignty is frequently addressed. Croats feel they are economically exploited by Serbia. Serbia, Yugoslavia's largest producer of electric power and raw materials, claims it supplies the most developed regions, including Croatia, with energy at below market prices.

The Croat electorate felt, none the less, that Serbia and Serbs in Croatia hold a privileged position within the Yugoslav federation.

Anti-Serbian polemics during the campaign upset Serbs, who make up 600,000 of Croatia's 4.5m population. Although Mr Tudjman promised to guarantee the rights of ethnic groups within the region, the memory of inter-ethnic violence during the Second World War has caused fear among the Serbs.

The memory of Second World War ethnic violence stays with Serbs

Croatian fascists, called the Ustase, set up the Independent State of Croatia, which sent tens of thousands of Serbs, Jews and gypsies to their deaths in concentration camps. Reports of CDU links with Ustase who are living abroad drew sharp criticism from the communists.

The PDC, which considers itself close to western European social democratic parties, bore the brunt of an anti-communist backlash spearheaded by the CDU during the elections. The party won only 73 seats in the three-chamber parliament. When the newly-constituted assembly convened for the first time on May 30, Mr Ivica Racan, the PDC President, was left without a seat and had to remain standing in a Sabor packed with victorious CDU deputies.

Following the pattern of Serbian politicians, CDU leaders revived the national pride of the predominantly Catholic Croats. Before the first session of parliament, the 26-member government attended a mass, after which Cardinal Franjo Kuharic, Archbishop of Zagreb, said the Roman Catholic Church would have closer relations with the CDU than with the Communist authorities.

Croatia was part of Austro-Hungaria for centuries until becoming a part of Yugoslavia in 1918. In Zagreb's baroque central square, thousands sang the Inter-war hymn, Beautiful Homeland, which had not been heard in public since 1971 when the Croatian Communist leadership gathered crowds calling for greater independence for Croatia. The leaders of the so-called Maspok (Croatian for "mass movement") returned to the political arena this spring in the broadly based Coalition of National Agreement (CNA).

The CNA made a poor showing at the polls, but the former political leaders were received warmly by the public. Tito had forced out hundreds of influential politicians and intellectuals on charges of nationalism in 1971. The demands of the leaders of the "Croatian Spring" pale in comparison with those in 1990.

Croatian intellectuals who supported the CNA say the election results prove that the population wanted a strong nationalist leader. "The CDU is Milosevic's child. Now we have to wait a few years for the scales to settle and nationalism to die down," says a Croatian journalist.

As each republic steps at its own pace toward pluralism and develops the institutions to safeguard democracy, Croatia has weathered the first storm.

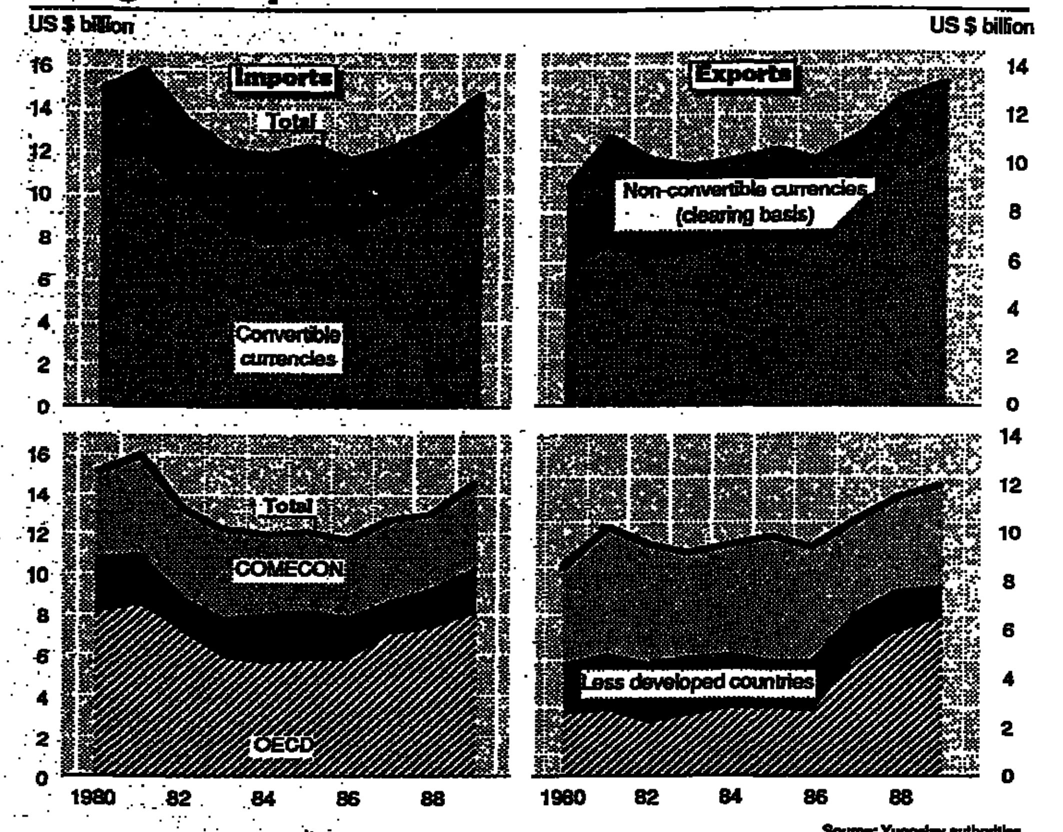
Recent outbursts of violence in Croatia indicate, however, that the nationalist euphoria Mr Tudjman encouraged in order to win the campaign may be difficult to control. A football match in May, for instance, resulted in a bloody riot by Serbian and Croatian fans. It will be up to Mr Tudjman to lower the temperature of nationalist passions in Croatia as the CDU prepares to resolve his republic's economic and political problems.

Laura Silber

The pattern is changing, writes **Judy Dempsey**

Trade shifts away from Comecon

Foreign trade patterns



Source: Yugoslav authorities

THE large trade surplus run up by Yugoslavia with the Soviet Union is now being reduced through the dollar-clearing system.

Of more significance, the country's trade patterns have shifted considerably from the Comecon trading block to developed regions. This had led to a growth in exports; however earnings have been offset by the liberalisation of imports, in particular an almost insatiable domestic demand for high quality consumer goods.

For the first five months of 1990, exports increased by 17.9 per cent over the same period last year and totalled US$5.9bn.

Exports to convertible currency countries, which increased by 25.6 per cent over the same period, were worth $4.8bn. Given current trends, the federal government is expecting foreign trade to reach $15bn by the end of the year.

Given current trends, foreign trade is expected to reach $15bn by end-1990

Mr Franc Horvat, the federal secretary for Foreign Economic Relations, recently pointed out that exports to OECD and EC countries had actually risen by 31 per cent over the past five months. "The trends speak for themselves," he said. "We are shifting trade away from the Comecon countries, and the kind of exports we are not selling to developed countries include processed and finished goods."

With the introduction of the dollar-clearing system, the authorities have instituted the necessary machinery and are determined not to build up any more surpluses with the Soviet Union.

"Beginning in January 1991, all our trade will be 'dollarised' with the Soviet Union," said Mr Horvat. "This is the same method now being worked out between the Soviet Union and the other countries in eastern Europe.

"If we have the goods and the quality the Soviet market wants, that's fine. If not, tough. We have to become competitive."

However, it is the continuing rise in imports the authorities are anxious to monitor. Over the same five-month period for 1990, imports, which totalled $7.4bn, increased by 33.9 per cent.

This sharp increase is due to the government's decision last December to liberalise all imports, coupled with the convertibility of the dinar. In turn, it released what the OECD described as "pent-up demand for high quality consumer goods." Mr Horvat confirmed this – in this short period of time, imports of consumer goods rose by 174 per cent, he said.

The bulk of these imports – worth $6.2bn, or an increase of 40.5 per cent – came from the developed countries.

The trade surplus can be maintained largely because of the unexpectedly high growth in tourist receipts, even for the first quarter of 1990.

Last year's foreign exchange earnings from tourism totalled $2bn, but Mr Horvat says receipts for the first four months are already up by 50 per cent over the same period last year, and the country could expect tourism receipts to reach about $4bn by the end of 1990.

He explains this partly by an increase in spending on accommodation, and partly by the fact that the black market disappeared following the decision last December to make the dinar convertible.

FOREIGN TRADE: Percentage trade from previous year

	Exports f.o.b 1985	1986	1987	1988	1989	Imports f.o.b. 1985	1986	1987	1988	1989
Total value (US$)	4.3	4.3	6.0	8.3	6.1	2.4	7.1	-0.8	2.5	12.6
Price	-3.1	7.1	6.0	3.2	1.2	-0.1	0.5	6.7	3.3	-0.5
Volume	7.6	-2.6	0.0	4.9	4.8	2.5	6.6	-7.0	-0.9	13.2
Non-convertible currencies	12.5	-7.1	-15.9	-2.4	-3.6	-6.7	-15.1	1.3	-6.3	-2.8
Price	-1.0	0.0	1.3	2.5	4.4	1.9	-15.8	-2.6	2.3	2.9
Volume	13.6	-7.1	-17.0	-4.8	-7.7	-8.4	0.8	4.0	-10.4	-5.5
Convertible currencies	0.4	11.6	17.5	12.3	9.3	7.5	17.7	-1.5	6.3	17.2
Price	-4.2	11.4	7.9	3.4	0.3	-1.0	7.6	10.3	3.8	-1.3
Volume	4.0	0.2	8.9	8.6	9.0	8.6	9.4	-10.7	2.4	18.8
OECD	2.1	20.7	27.8	16.5	7.1	-	-	-	-	-
Price	-5.1	18.3	11.1	4.1	-1.0	-	-	-	-	-
Volume	7.6	2.1	15.1	11.9	8.2	-	-	-	-	-
Excluding oil	-	-	-	-	-	6.6	21.9	0.6	4.8	17.3
Price	-	-	-	-	-	-1.0	16.1	9.2	3.9	-2.6
Volume	-	-	-	-	-	7.7	5.9	-7.9	0.9	20.4

Source: Federal Secretariat of Foreign Trade

Laura Silber looks at the awakening of environmental awareness

Yugoslavs jolted out of passivity

BUSES in Belgrade trail black clouds of exhaust fumes. A coke plant in Zenica, one of the most polluted cities in Yugoslavia, spews brown columns of smoke. Tests of air samples there revealed more than 100 organic materials in amounts lethal for future generations.

Researchers found between 30 and 40 per cent of conscripts from Zenica were physically incapable of completing their military service.

Like most of Eastern Europe, Yugoslavia did not allocate resources to cope with environmental problems in the past.

As a result the country is now facing a big challenge in trying to protect the environment.

Yugoslavia has defined 27 chief polluters and problems in a three-tier priority system which the World Bank will evaluate by the autumn.

World Bank Officials estimate that $2bn will be needed to clear up the problems, which resulted from slow macroeconomic reform. That, plus the authorities' inability to implement anti-pollution legislation, has prompted the federal government into drawing up new legislation.

The legislation appears to be prohibitive rather than preventive. It is planned, for instance, to mete out high penalties to those industries which do not adhere to environmental standards. In addition, those industries will be denied credits in the future.

"In the past, standards were not respected, and there was insufficient public participation," said Mrs Sofija Vujanac-Borovnica, under secretary at the environmental division of the Federal Secretariat for Development.

Pollution (including air) is under the auspices of the federal government, which, in conjunction with the World Bank, is introducing programmes to clean up the big polluters. The World Bank presently provides 50 per cent of financing for a project in Rijeka on the Dalmatian coast. The remaining funds must be provided by the enterprise or the region. This is likely to pose difficulties, since many of the country's biggest industrial polluters have serious economic problems.

Similarly, many of these enterprises are situated in poorer regions which may have additional difficulties in providing funds to clean up the environment at a time when these regions are facing growing unemployment.

However, the continuing deterioration of the environment has finally jolted the Yugoslavs out of their passivity – to such an extent, indeed, that the Green Party is now becoming a significant political force.

The Green Party is now organised throughout the country, particularly in those regions hit hardest by pollution. Citizens are forming groups for the protection of wildlife and geographical regions, which will work in conjuction with the federal government to pass laws aimed at protecting certain zones in Yugoslavia.

Mrs Vujanac-Borovnica is aware that the public must be educated to participate in keeping the environment clean. There is a long way to go, and it will be a difficult road, especially in light of diminished resources.

"If Yugoslavia wants to be part of Europe, then it's high time to address the problems, otherwise we'll be left behind with no air to breathe," said a Belgrade journalist.

Picture: Melanie Friend

Tourists and local people sit outside at a sunlit cafe, with the city and mountains making a glorious backdrop, near Bascarsija, Sarajevo's old Turkish bazaar

Tourist spending is up by 51 per cent so far this year, writes **Laura Silber**

Sun shining down on tourist industry

A PROCESSION of ships streams through the Yugoslav Bay of Kotor, an inlet of the Adriatic Sea in Montenegro, which is surrounded by mountains crashing into the blue water. Every year, sailors observe a 17th century custom by casting stones on to the island of Gospa od Skrpjela. Stone by stone the island expanded as it became a shrine to sailors from Venice and the Ottoman and Austrian Empires who had been lost in shipwrecks and pirate raids.

Although no longer besieged by pirates, the Yugoslav coast has not lost its allure for foreigners, a fact borne out by the latest statistics issued by the federal government.

The summer season opened on a promising note for the tourist industry. The number of foreign visitors rose by 6.6 per cent in the first four months of 1990. They spent US$514m – 51 per cent – more than in the same period last year.

"Results have proved better than expected," said Mr Andrija Jovicic, the Director of the Federal Institute of Social Planning. He anticipates this year's earnings to far exceed the projected $2.3bn.

The Yugoslav authorities are themselves stepping up efforts to diversify tourism and to attract visitors throughout the year. The 1984 Winter Olympics in Sarajevo helped to publicise Yugoslavia's winter sport facilities, and more centres are being built every year in the republics of Serbia, Bosnia and Slovenia.

For those tourists who are taking a holiday to recuperate, there are 70 spas and recreation centres which offer a variety of therapeutic treatments such as massage, mud baths and saunas.

Picture: Rasorovic / J & R

From the honeymooning Prince and Princess of Wales to backpackers, Yugoslavia has long been a favourite tourist destination

The tourist industry earned about $2.2bn in 1989 when nearly 10m foreigners visited the coast, went skiing or went boar hunting. The stimulation of the tourist industry is an important element of the Yugoslav economic reforms.

This year's steep increase in foreign exchange earnings stems mainly from the introduction of the convertibility of the Yugoslav currency in January, pegged at 7 dinars to one Deutschemark. This has helped to channel hard currency through banks instead of the black market.

Last year, foreign tourists often used hard currency to pay directly for services or often exchanged money on the black market which earned them an extra 10-30 per cent. However, the black market went out of business almost overnight in December when the dinar was made convertible.

The changes in Eastern Europe have also boosted tourism. Eager to travel abroad, more than 5m people from neighbouring Hungary, Romania, and Bulgaria visited Yugoslavia in the first four months of 1990, which is an increase of about 150 per cent over the same period last year when 2m crossed those borders.

The tourist industry is anxious, however, to attract more visitors from Western Europe.

The industry is going about it in a number of ways. There are plans to construct new and/or improve old roads linking Yugoslavia with Austria, Italy and Hungary.

Yugoslavia is also looking at ways to finance the construction and improvements of the motorway infrastructure by offering potential foreign investors freedom to make use of duty free zones, open up restaurants and other facilities.

"Tourism is the most sensitive market, the first to respond to good or bad news," said Mr Dragan Barjaktarevic, the Assistant Federal Secretary for External Economic Relations. Indeed, reports in the international press of Yugoslav political instability and high inflation has actually led some tourists to cancel their plans.

Another blow to tourism is the algae which first bloomed in the Italian Adriatic but has since spread to the northern Yugoslav coastline. Although the algae is said to be harmless, the phenomenon is not exactly a tourist attraction. Authorities have waived taxes on equipment imported to clear up the problem, which seems, so far, to be contained in the north.

In spite of these environmental and political problems, the number of foreign tourists has risen. Domestic tourism, on the other hand, has fallen off sharply. The country's difficult economic situation may have kept Yugoslavs at home, although when strapped for cash in previously years, Yugoslavs always seemed to manage to take a holiday. A more likely cause for the decline in domestic tourism is the increased ethnic rivalry between Serbia and Croatia, which led most Serbs to plan holidays in Greece rather than on the Adriatic Coast, which is primarily within the republic of Croatia.

From the Serbian medieval monasteries in the South to the alps in Slovenia in the north, Yugoslavia offers the scene for an enchanting holiday, although foreign holidaymakers occasionally complain about slow service, unreliable transportation schedules and considerable confusion surrounding the currency. When paying a bill, the tourist should beware that the dinar was revalued during last year's soaring inflation. Today, a 50,000 "old" dinar bill is actually equal to 5 dinars (or 42 US cents). New bills have also been issued and are used concurrently, so a 500 "new" dinar note is worth about $42.

Judy Dempsey looks at a wave of reforms

Banking rehabilitation

THE GORDIAN knot which tied Yugoslavia's banks to enterprises is being loosened as the banking system is slowly rehabilitated.

Bankers and economists agree that the path to radical reform in this once highly politicised sector will take several years to travel, and that enterprises, which in the past had an extremely close relationship with the banks, will eventually be forced to stand alone.

The first wave of banking reforms started in February 1989 when the federal authorities agreed to transform banks into shareholding companies. The idea was to broaden the equity base through opening up fresh possibilities for new investors and even private investors.

The problem with this policy is that it did not allow individuals to have voting rights. Instead, these rights remained confined to the enterprises which were, more often than not, the founding members of the banks.

In addition, the financial impediments to the creation of new companies and the provision of venture capital have not yet been removed. Moreover, enterprises, which in the past were free to found their own banks, were often loss-making and, more dangerously, as co-owners or owners, were issuing themselves with credit they could not back.

Not surprising, the consensus among economists in Belgrade is that for the forseeable future, the banks will remain unattractive for potential investors. Despite suggestions by Mr Djordjije Nivocic, of the NBY International Relations department, that the incestuous link between banks and enterprises is being broken, "the risk that banks continue to discriminate in their lending conditions in favour of founding members, and notably big debtors, remains."

Mr Nivocic and his colleagues at the National Bank of Yugoslavia have no qualms in admitting the transformation of the banking system will be a long and difficult process. At the same time, they are keen to point out that as part of this process, the NBY's powers have been expanded with the aim of weakening political interference.

For instance, since June 1989, the NBY has had the right to submit proposals to the National Assembly instead of being at the beck and call of the Assembly's decisions. Furthermore, the debilitating way in which the NBY was constrained by unanimity on decision-making has now given way to simple majority decisions. The Governor has also been granted the power of veto over decisions.

But it is on the structural level that the NBY has gained more economic and political clout:

- The NBY's control over the money supply has improved;
- Subsidised crediting (particularly to large, indebted enterprises) is being phased out; and certain sectors demanding subsidies will have to be financed from the Federal budget;

The constraint of unanimity on decision-making has given way to simple majority

- The NBY now has the power to evaluate the credit-worthiness of those commercial banks seeking liquidity credits;
- Credits by the NBY to the Federation require authorisation by the Federal Assembly.

These were the measures which made up the first package of reforms.

Another package introduced in December 1989, when Mr Ante Markovic, the Prime Minister, presented the first comprehensive phase of his economic reforms, included the "Law on the Rehabilitation, Bankruptcy and Liquidation of Banks and other Financial Organisations." This empowered the NBY to impose solvency ratios on banks and financial institutions. "We limited the total amount of assets to less than fifteen times the equity," explained Mr Nivocic. He added that the Yugoslav banking system remains one of the country's heaviest loss-makers because banks were frequently compelled, under pressure from political institutions, to invest in enterprises known to be incapable of repaying either their loans or interest.

As a result, the banks were often forced to charge high interest on loans to profit-making enterprises which pushed interest rates well above the rate of inflation.

For this reason, the Prime Minister last January stressed the need for a full bank *rehabilitation process.*

"It is an exercise which had to be managed cautiously," says Mr Nivocic, explaining how the NBY would review the financial statements of all the banks, and by using international standards, would identify those banks which should be liquidated or else supported by additional capital investment, or even by some form of takeover of their non-performing claims. Additional resources would, he said, have to be invested by enterprises – the clients of the banks – or even raised by foreign banks which would be given the opportunity to invest.

Failing all these options, the authorities would step in.

Backed by a $250m fund from the Federal budget, the funds will not be granted to banks in the form of grants, but will be in the form of shares which will enable the investor, including the government, to participate in the management of those banks as well as in the sharing of profits once the banks become profitable again. The goal is to reform the banks and at the same time pave the way for the gradual rehabilitation of the linked enterprises.

The NBY has no illusions about the time involved in reforming the banking system and the risks involved, particularly given the record of enterprises' capacity for granting themselves loans. Divorced from their lenders, the enterprises are now as vulnerable as the banks they established.

That is why the Federal authorities last December passed a "Law on the Federal Agency for the Insurance of Deposits and the Rehabilitation of Banks" and the "Law on the Provision of Funding and on the Operation of the Agency." The Agency will employ experts whose main task is to rehabilitate the banking system.

- **Further information: OECD Economic Surveys, Yugoslavia, 1990**

RECRUITMENT

JOBS: People with conflicting attitudes to time limits do not need to be constantly at war

How dicers and defusers can make friends

WHICH are you – a deadline defuser, or a deadline dicer? Most of us seem to be one or the other: either getting things done well ahead of time, or waiting until there is precious little left before we even start.

Each type can deliver the goods when working alone. But when both types are harnessed to the same task, as they often have to be, they are less likely to pull together than tie one another in knots.

As newspaper reporters are notorious for deadline-dicing, there are no prizes for guessing which of the two the Jobs column is. Indeed, I am hard-pressed even to imagine what working life looks like from the other side of the divide. The incomprehension nonetheless appears to be mutual, because evidence that defusers are equally blinkered is in constant supply.

For instance, when newly met people are told what I do for my near-living, a good many of them say: "Oh that wouldn't suit me. I could never cope with such short deadlines."

Which side they are on is obvious. Only defusers would view deadlines as deterrents. To us dicers, they are quite the reverse. Our problem is not meeting mere time limits, but getting down to such excruciatingly unnatural activities as writing at all. While we may not like deadlines, we know that without them little or nothing would ever be produced.

The trouble is that, besides being incapable of understanding one another's dynamics, the two types rarely discuss how their differences might be reconciled. More often by far, each tries to force its own way of working on the other by stealth.

A favourite dodge of defusers, with their strong sense of order, is to try to cushion their nerves against panic by fixing artificial deadlines well before time truly runs out. Dicers, with their sharp sense of actuality, typically respond by feeling unwarrantably imposed on while finding cogent excuses for delaying ever closer to the real moment of doom. So the pattern of work tends to end up as it was beforehand, except that each side resents the other still more.

Unfortunately, the damage may not be confined to frayed nerves. Take for instance a central concern of Don Taylor, a consultant psychologist in Southampton. Among other things, he advises on the prevention of collisions at sea – which, to judge by his comments, seem miraculously few and far between.

When two ships approach on converging courses, the rule is clear. Only one of them should take avoiding action, and that is the ship with the other on its starboard side. The second should continue serenely on its way. But when it is under the command of a defuser, whereas the first ship has a dicer on its bridge, their differences come perilously into play.

Dilemma

"It appears to be a bit taboo for merchant ships to communicate, by radio or otherwise," Dr Taylor says. "And although they can detect each other by radar a long way off, they don't like to act until they're well in sight, usually three or four miles apart. That sometimes applies even to the biggest which, whatever they start doing, take a long time to change.

"So imagine you're in charge of the ship that's supposed just to stay on course, but although you think the other is now inside a safe distance, it keeps coming on and on. What do you do?

"If you obey the rules and do nothing, it might simply not have noticed you and press on till it's too late. But any action you take is liable to precipitate a collision, even blowing your hooter. That's like waiting in your car at a traffic signal, and as it changes the vehicle in front puts its reversing lights on. If you sound your horn, the driver's likely to panic and back into you all the harder."

In Don Taylor's view, the sharp difference between defusers and dicers can be traced to personality traits. And one way of detecting the conflicting tendencies is the Myers-Briggs test developed from the work of the great C.G. Jung.

It measures four personality factors, each of which can be seen as a line between two poles. Most of us aren't at either extreme; just more or less markedly nearer one than the other.

The first of the factors divides extraverts from introve[illegible] – a distinction which, althou[illegible] not as clear-cut as is often be[illegible]ved, is well enough known to need no explanation. A second divides people whose acts are governed by thinking from those who are driven by feeling. But it is the remaining two factors which are thought to account for the differences between dicers and defusers.

One of them distinguishes between *sensers* and *intuitives*. The former deeply believe that the world is exactly as it appears to their senses, and the simpler the impression it makes on them, the better they tend to be pleased. Intuitives are equally convinced that everything is more complex than it seems, and that conforming to established practices is humanly inferior to generating new ideas.

The other factor relevant to deadline behaviour divides *judgers* from *perceivers*. The judging variety like to draw clear-cut decisions, and count making a decision as more important than improving the criteria and data on which it is made. Perceivers are bent on sifting, extending and otherwise changing the existing criteria and information, and regard deciding as something it is best to defer.

Accordingly, the arch-defusers are the *sensing judgers*. For one thing, since deadlines are part of their beloved decision-making process, they see them as desirable things in themselves. For another, liking life to be simple and ordered, they take pride in completing tasks well ahead of time. They constitute about 38 per cent of people tested by the Myers-Briggs yardstick.

Decisiveness

The same love of getting things decided tends to outweigh *intuitive judgers'* dislike of established ways, putting them in the defusers' camp. They make up about 12 per cent of the population.

Sensing perceivers, who make up a further 38 per cent, have a respect for order and system which makes them often give ordained deadlines pride of place over their urge to winkle out a bit more data.

The arch-dicers are the *intuitive perceivers*. Although they constitute only one in eight of the public, they can create alarm and despondency far beyond their density. Even so, not only is their creative potential highly useful to virtually all sorts of organisations, but they do not need to be at war with the other types – not even with their polar opposites.

For example, Dr Taylor is an arch-dicer whereas his partner in the Southampton company is a sensing judger. "Like most of the different personalities, we're able to complement each other with better results than either would achieve just working with people of the same kind. But that can't be done unless every team-member values and respects the others' contrasting ways of operating."

Andrew Stewart, a consultant psychologist specialising in team-building, agrees. "A great help to people in understanding their differences, and how they can work together instead of against each other, is a common language for describing them," he says.

While one example is the the Myers-Briggs classification outlined here, several others will serve just as well. Another is Transactional Analysis with its divisions between hurry-up types, I'm-perfects, please-mes, and so on....

But there I must stop. For this particular intuitive perceiver, the moment of doom has arrived.

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The applicant must have experience as a credit analyst/manager preferably in metals and/or oils, be a self starter with good communications skills, and have an outgoing, flexible and confident personality.

Send detailed CV to: Steve McCann
CRT Europe Inc
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City of London

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Yamaichi Securities is one of the world's leading securities houses, with 40 offices spanning 24 major financial centres. In London, Yamaichi International (Europe) is its European flagship employing over 350 people from twelve countries, and has recently celebrated 25 years in the City.

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Reporting to the Head of the Central European Desk, the position's primary responsibility will be to market a full range of corporate finance services, predominantly to German corporates.

Ideally, candidates will have fluent German and the ability to use their extensive contacts in the German corporate sector. A proven track record in deal making, excellent communication and negotiation skills, together with commercial flair and dynamism gained in a leading financial institution are essential for success in this competitive and challenging environment.

Candidates should submit a detailed cv, in confidence, to Kath Lawrence, Head of Personnel, Yamaichi International (Europe) Limited, Finsbury Court, 111-117 Finsbury Pavement, London EC2A 1EQ. United Kingdom

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A competitive compensation package, including normal banking benefits, will apply. Please send full details, including present salary, in confidence to:

The Manager, Pooled Funds Services Group,
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The right candidate will have an opportunity to rapidly develop responsibility *in a team of analysts who have an excellent* reputation in the market place. In the first instance, please forward your CV to:
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London EC4Y OHA
Tel: 071-353 4212 Fax: 071-353 3325
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As a result of further planned growth, we are seeking to fill the following positions at our Head Office in Cardiff.

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The Securities Department is a centralised unit in the Bank of Wales' prestigious headquarters in the centre of Cardiff which is responsible for the Bank's entire portfolio of charged securities. As a result of promotion and re-organisation, we now have vacancies for experienced Securities Officers.

We are interested in hearing from applicants with a substantial knowledge of charged securities, with particular emphasis in the corporate sector. In addition you must be able to manage workflow and have the ability to supervise and train junior staff.

Successful candidates are likely to be ACIB qualified or be making good progress towards obtaining the qualification.

We will be pleased to consider applications from people interested in flexible working patterns such as job share which would be suitable for women returners and for those who want to make a part time rather than a full time commitment.

An attractive remuneration package is offered, including profit sharing and preferential mortgage plus a generous relocation package where appropriate.

BANK OF WALES
BANC CYMRU

All applications in confidence to Personnel Manager, Bank of Wales PLC, Kingsway, Cardiff CF1 4YB or telephone 0222 787500.

A member of Bank of Scotland Group

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Scandinavian Capital Markets

Unibank plc is the leading Danish bank in London employing over 230 staff in the City. Our continued growth has given rise to an additional vacancy in our Scandinavian fixed income sales team.

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Applicants should write to:
Mrs Pam Yellop,
Deputy Manager - Personnel Department,
Unibank plc
107 Cheapside, LONDON EC2V 6DA
enclosing a full c.v. and giving details of their present package.

Alternatively please call Pam on 071-726 6000 for further details or an application form.

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Qualified candidates may send C.V. including:

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- Hand-written letter including title abstracts of the academic and scientific papers and research processed by the candidate, to the following address within (2) weeks from date:

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- Resourceful with the ability to sell on a conceptual basis. The credibility and stature to champion this business internationally is essential.

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A candidate with at least one year's relevant experience of the bond market and derivative products is required to complement the team in the strategic trading of Money/Capital Markets. Applicants may be working in a research department, or within an arbitrage group. An MBA or a degree in the sciences is a requirement.

Please send a full C.V. for the attention of Mr D.F. Rogers, General Manager, Operations & Administration, Yamaichi Bank (UK) Plc, Guildhall House, 81-87 Gresham Street, London EC2V 7NQ.

International Fund for Agricultural Development, IFAD (United Nations), Rome, Itlay, seeks candidates to fill the post of Treasury Officer at the P3 level.

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- Contact eligible banks for deposits and securities operations in conformity with Investment Guidelines;
- Supervise settlement procedures and clear investments accounting entries;
- Analyse investment portfolio to facilitate portfolio managment and performance;
- Study market developments, investment instruments and technology and assist in formulating investment policies;
- Other related duties.

Qualifications/Experience: University degree in business administration, banking, economics or related field. Five years experience in banking, or portfolio managment, preferably in a financial institution. Good knowledge of computers. Full comand of English; knowledge of Arabic, French or Spanish would be an advantage.

Depending on experience/qualifications net base salary from US$ 25,476 to US$ 35,997. Cost of living allowance subject to change according to United Nations common system from US$18,167 to US$ 19,465.

Initial contract: two years
Deadline for application: 03 August 1990
Send two copies of application to:
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00142 ROME
ITALY

Only shortlisted candidates will receive an acknowledgement.

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Nomura Research Institute Europe is expanding the scope of its European Equity Research capability. As part of this process, we currently require an experienced data analyst to maintain and update our computerised database. Candidates must have an in-depth knowledge of data sources throughout Europe, a broad understanding of current developments in European stock markets, and the ability to handle enquiries from salesmen, analysts and clients. Applicants should have at least four years' experience in a similar role.

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Bayerische Landesbank
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ACCOUNTANCY COLUMN

ASC hopes for swan song with its new standard

By David Waller

THE ACCOUNTING Standards Committee today publishes what will be its last fully fledged Standard Statement of Accounting Practice.

This, the long-awaited edict on segmental reporting, is the 25th SSAP to have been produced by the ASC in its 20 tumultuous years.

The new standard ought to be something of a swan song for the ASC, if only because it is simple in content and purpose.

Without any of the philosophical complexities that have characterised recent exposure drafts, it has the estimable aim of requiring companies to "disaggregate" the sort of information on profits, turnover and assets that is frequently lumped together in a wholly uninformative way.

Specifically, the standard – which takes effect immediately and applies to all listed companies and larger private ones – will require companies to give the following breakdown for each business and geographical segment: turnover, including sales from *one* segment to another; pre-tax profit or loss, and net operating assets.

All that is an important advance on existing practice. At present, UK companies only have to disclose turnover by geographical area: now users of accounts will see profits and assets as well. The requirement to disclose assets for each business segment will allow analysts to calculate the return on capital employed in each part of the operation.

When the exposure draft was first published in November 1988, it contained a requirement that companies should spell out the basis of inter-segment pricing as well as the straightforward level of inter-company sales.

Unfortunately, that requirement has been dropped after the ASC received a number of representations urging that it was too great a burden to place on the corporate sector.

The new standard will not have a radical effect on the presentation of company reports, although it will enhance their usefulness

"There was a widely held view," the literature accompanying the standard explains, "that, because of commercial sensitivity, companies would either plead that disclosure would be prejudicial, or provide no more than a vague or uninformative statement."

It was decided that widespread avoidance "would undermine the authority of the standard as a whole" so the requirement has been omitted.

Companies will however be obliged spell out how they have defined their segments.

***

THE NEW standard will not have a radical effect on the presentation of company reports, although it will enhance their usefulness.

The standard that eventually follows from an exposure draft published last week – on consolidated accounts – will have a profound effect on the reported figures for large numbers of UK companies.

In fact, the function of the exposure draft is simply to flesh out the consolidation requirements contained within the 1985 and 1989 Companies Act, which are themselves derived from the European Commission's Seventh Company Law Directive. In some cases, though, the document appears to go further than the law strictly requires.

Are companies aware of quite what is in store for them when they come to put together their accounts for the current year?

The law, and now the exposure draft, narrow the scope for keeping joint ventures and subsidiaries off the face of the balance sheet, to the point where it is virtually impossible to do so unless the company concerned is a bank or building society and therefore subject to a set of different rules.

While the law states that a subsidiary is a company over which the parent company exercises "dominant influence," the exposure draft goes further, saying that a subsidiary should be excluded from consolidation only "if its activities are so different from those of the parent enterprise that its inclusion would be incompatible with the obligation to give a true and fair view."

That means that the balance sheets and profit-and-loss accounts of, for example, retailers with finance subsidiaries or property and oil companies with joint ventures, will look totally different next year.

Take the case of a retailer with a large financial services operation. Suddenly, all the figures for that will have to be combined with those for the mainstream business. There will be an incalculable change to the face of the balance sheet – a massive influx of assets and liabilities that will upset gearing and all the other lovingly massaged ratios.

***

IT IS precisely a year to the day that Arthur Andersen and Price Waterhouse stunned the world by announcing that they were considering merging. It was a bold move, but one greeted with almost total scepticism by clients and commentators alike. As every accountant knows, the talks lurched on for a few months before coming to a halt.

Last week, a senior partner from one of the Big Six firms – who wishes to remain nameless – was ruminating on theevents of 1989.

He came up with an idea for a multi-billion-dollar corporate finance deal that would delight any merchant banker and – if it went ahead – would help accountants to regain the reputation for strategic forethought that they lost amid last summer's merger scramble.

A senior partner from one of the Big Six firms came up with an idea for a multi-billion-dollar finance deal which would delight any merchant banker

He pointed out that one of the key reasons for the collapse of the AA/PW talks was the Security and Exchange Commission's unwillingness to countenance a merger, given Andersen Consulting's business relationship with some of PW's most important audit clients, specifically, with International Business Machines.

Not surprisingly, PW was not prepared to drop IBM as a client, one of the reasons why the merger talks collapsed.

The suggestion from the senior partner is that: IBM should buy Andersen Consulting, and AA&Co's audit business should merge with Price Waterhouse.

IBM, suffering in its traditional markets, would gain by leaping "down" into the fast-growing systems implementation and consultancy business.

The transaction would remove the regulatory obstacles faced by Andersen whenever it contemplates forming a business alliance with an audit client in the computer industry. It would create an unrivalled force in auditing.

The official line from Andersen partners is that there is no prospect of the firm's breaking in two. However, are there any good reasons why the firm should *not* break in two?

Andersen really does consist of two, wholly separate firms: there are no senior partners of Arthur Andersen as a group at the country or even the continent level – only senior partners of the two operating arms. The firm comes together only at the intergalactic level, in the form of Larry Weinbach, Andersen's US-based managing partner and chief executive.

ACCOUNTANCY APPOINTMENTS

FINANCE DIRECTOR
Cable Television Operations

Surrey **c.£65,000 + car + incentives**

Our client, the international division of a major US cable television company, is rapidly expanding its operations in the UK, with significant planned investment over the next two years. It is anticipated that the UK operation will be the platform for the company's expansion into Europe.

A high calibre finance professional is now sought to take responsibility for the entire international finance and information systems function, liaising closely with the US parent company, to fulfil their rigorous reporting requirements. There will be a strong focus on the development of accounting policies and the introduction of computerised information and control systems, that are compatible with the expected growth of the Group.

The successful candidate will be a qualified accountant with a knowledge of US GAAP reporting requirements. He/she will be currently fulfilling a senior financial role, which includes staff management. Equally important are excellent computer systems knowledge, sound professional and organisational skills and a strong confident personality.

This is an exceptional opportunity to play a major role in the future success and strategic direction of the company; remuneration will not be a limiting factor for the successful candidate.

Please write, in confidence, enclosing full CV and current salary details to Bernadette Laffey, quoting reference U2711.

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70 Fleet Street, London EC4Y 1EU

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As such, contained within this appointment is the opportunity for an extremely stimulating, rewarding and progressive career. The Financial Controller will be required to manage a qualified, highly committed team and to take full responsibility for the division's reporting and financial/management accounting function. The role will be wide-reaching, extending beyond routine technical accounting to a close, pro-active involvement in the commercial aspects of the business, which will include interfacing with customers.

We would like to hear from ambitious financial managers experienced in frontline financial control and reporting in a large, commercially orientated and fast-moving company. The chosen candidate will be possessed of a strong, assertive and confident personality, performing well and achieving results in a demanding and pressurised environment. It will be necessary to be a highly effective man-manager, with well developed communication and interpersonal skills, and be possessed of the charisma necessary to build good working relationships and promote team spirit at all levels.

To find out more about this exciting opportunity, please telephone Alison Belfort on 021 233 1666, or alternatively write to her with a full curriculum vitae quoting reference B/295/90.

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A Deputy Group Financial [illegible] now sought [illegible] in the footsteps of previous incumbents who have [illegible] promoted to high profile roles [illegible] Operating Companies within the Group.

The responsibilities [illegible] of a professional [illegible] cover:

- periodic and Annual [illegible] Reporting (including [illegible] business review)
- annual Budgeting collation and preparation
- accounting support and review of Operational Companies
- acquisition target evaluation and possible disposal work.

The above represents a considerable [illegible] and in order to respond to these considerable challenges you will be a young ACA able to clearly demonstrate:

- strong interpersonal and communication skills [illegible] to all levels of Senior Management
- [illegible] supported by broad technical [illegible]
- an ability to develop financial [illegible] and systems
- [illegible] previous experience of spreadsheet modelling
- an attention to detail with the ability to isolate and deal with key problem areas, and additionally an ability to take a broad overview.

If you feel that this is the outstanding career opportunity you have been seeking, you should telephone Karen Wilson on 071-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

FMS

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Essex ***to £45K + car + benefits***
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Our client is an international leader in the chemical and agro-chemical industries with operations world-wide. As part of the process of strengthening the management team at group level, following recent successful acquisitions, they are looking for a Group Taxation Manager. Reporting to the U.K. Finance Director, the successful candidate will be responsible for:

- **The full and effective management of the Group's tax affairs, minimising liabilities particularly in the U.K;**
- **Ensuring compliance with all U.K. and overseas taxation statutes;**
- **Providing internal consultancy to senior management on a range of taxation issues, both corporate and personal;**
- **Contributing to the international tax planning process, liaising with overseas professionals where appropriate.**

Interested applicants, looking to join this dynamic and forward-thinking Group, should be:

- **Chartered accountants, ideally holding the ATII qualification;**
- **Tax professionals with at least 5 years post-profession corporate tax experience and a minimum of 2 years experience at management level;**
- **Familiar with a multi-national Group environment.**

If you possess strong inter-personal skills, possibly french speaking, and have a commitment to proactive tax management, please send a full curriculum vitae, including details of current remuneration, in confidence to:

Stephen Jandrell, Director, Baker Tilly Management Consultants, 22-24 The Courtyards, Croxley Centre, Hatters Lane, Watford, Herts WD1 8RR.

MANAGEMENT CONSULTANTS
BAKER TILLY

Recently Qualified ACA

c.£30,000 + car etc

Our client is a well-respected, very substantial quoted Plc whose main business activities are in Property, Construction, and Development. Group assets are c. £200m, and its reputation for high quality, design-conscious projects is second to none.

The pressure of continued growth and the search for further financial refinement have created the need for a recently qualified ACA to join the small Head Office team.

Based on the Thames near Twickenham, your major tasks will be to bring about improved levels of financial control and management, and to become fully involved with particular new business enterprises to ensure the optimum allocation of, and return on, capital resources.

It is anticipated that it should not be too long before the successful candidate forces his/her way into more general management, and therefore we are looking not only for competence in the application of financial techniques, but also signs of commercial and entrepreneurial flair.

Please reply in strictest confidence to:

Peter Wilson, FCA, Director, Management Appointments Limited, (Executive Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Telephone: 071-930 6314. Fax: 071-930 9539.

MAL
Management Appointments Limited
LONDON · PARIS · MILAN · NEW YORK

European Tax Manager

M4 Corridor **c£65,000 + Car + Benefits**

Our client is one of the world's leading providers of electronic and communication products with revenues in excess of $10 billion, a significant portion of which is generated in Europe. Through demonstrated quality, technological leadership and an innovative approach to product development, the group has continually captured the imaginations of its markets. The European HQ provides corporate support to all European Manufacturing and Sales Operations.

Assuming overall responsibility for the European Tax function, you will work closely with other members of the Corporation's financial departments to co-ordinate the tax planning and management of the European legal entities. Key requirements for this high profile role include a thorough knowledge of European tax systems and a good understanding of United States tax law and treaties. On-going international taxation matters encompass a full range of dynamic issues.

Candidates capable of assuming such a role will require five to ten years' of well established European tax experience. The individual should possess strong leadership capabilities, excellent interpersonal skills, self-motivation, be a good negotiator and have the presence to interface proactively with key members of the worldwide finance organisation.

Interested applicants should write to **Chris Nelson, Manager, Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH,** or telephone on **071-831 2000** (evenings and weekends **081-785 6545**).

Michael Page Taxation
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Financial Controller

North West,
c £28,000

A challenging position exists within a well known £150m turnover company, which is a subsidiary of one of the UK's largest and most successful plc's. Reporting to the Financial Director, the new incumbent will join a strong management team during a period of technological improvements and marketing initiatives. The Financial Controller will have responsibility for running a sizeable part of the finance function and will be actively involved in project appraisal.

Probably aged in their late twenties, candidates must be qualified accountants, ideally with a service industry background. They should be systems orientated and computer literate. Applicants need to be able to work under pressure, with the ability to comply with frequent reporting deadlines. In addition to satisfying the financial information requirements of both the parent company and various external bodies, the Financial Controller will be expected to recommend and implement improvements to the accounting systems and to the analysis of management accounting information.

This role offers the opportunity to enjoy a stimulating and rewarding work environment. Prospects for career development are excellent. The package includes a car, together with fringe and normal large company benefits.

M.K. Garner, Ref: L26011/FT. Male or female candidates should telephone in confidence for a Personal History Form, 0532-448661, Fax: 0532-444401, Hoggett Bowers plc, *7 Lisbon Square,* LEEDS, *LS1 4LZ.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Finance Director

Circa £40,000 plus car and benefits **London**

Our client is a highly successful group specialising in the technological field of pre-press graphics. An independent, non-quoted plc, it is small but highly profitable.

Operating within an expanding and buoyant marketplace, the group is committed to long term development policies designed to maximise its own, indentifiable strengths. The plans for sustained growth are being spearheaded by its highly creative and determined management team.

The Finance Director will enjoy all the benefits relating to a business now firmly placed to take quantum leaps in its share of the market. The role will include improving financial controls, implementing management information systems and advising on all financial issues. Specifically, this role will have responsibility for directing the expansion of the group, whether organically or by acquisition.

The successful candidate will be a qualified accountant with entrepreneurial flair and exceptional communication skills. Direct experience of a strategic financial role is essential and candidates should be strong managers. The age range is 30 to 45.

Replies to this advertisement will be forwarded, unopened, to our client. Please direct replies to Kelly Iriondo at the address below, quoting reference SHA 7241.

STOY HAYWARD CONSULTING
A member of Horwath International
8 Baker Street London W1M 1DA Fax: 071 487 3686

Financial Controller
–Brewing–

Dorset | **To £32,500 + car**

Based in an attractive rural location, our client is a long established privately owned brewing, soft drinks and retail operation with turnover in excess of £70m.

Reporting to the Finance Director/Company Secretary, the Controller is expected to participate in the financial planning of the company, as well as to manage a sizeable accounting department. Key result areas are the strategic review of operational performance and the preparation and presentation of annual operating budgets and period management reports for the board and executive management committees.

Candidates will be qualified accountants, aged 30-45, already holding a senior line finance position and who are familiar with process costing – ideally within the brewing sector. Experience of developing management information is highly desirable. Essential features are excellent staff management skills and the ability to operate effectively in an informal multi-disciplinary environment.

A full relocation package is available if appropriate.

Please send career and personal details quoting reference CA256 to Carrie Andrews at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

BERKSHIRE

to £34,000 + PERFORMANCE BONUS + CAR

Financial Director

Substantial investment in support of a major development programme is central to the future of this successful and well established public transport company. Operating in a rapidly changing and competitive market, the organisation with a turnover approaching £10m has secured a dominant position within this sector.

An experienced Financial Manager is required to support the newly appointed Managing Director in driving forward and encouraging major change throughout the organisation. As a key member of a small and highly motivated management team, you will in addition to having total responsibility for the company's finance functions, be expected to participate in the entire spectrum of business activities. Early challenges will include the advancement and implementation of information management systems; the development of the business planning process and the instigation of cost and efficiency reviews.

Applicants must be result and profit-orientated individuals with the commercial acumen and interpersonal skills appropriate to the management of change. The profile of the role indicates a young, energetic and incisive degree qualified accountant with several years' post qualifying experience. Sound technical and financial skills are essential, ideally gained in a commercially strong service or industrial environment.

Please send full personal and career details, including current remuneration level and daytime telephone number in confidence to Adrian Edgell, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE824 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Cable and Wireless

The World Telephone Company

Manager - Internal Audit

Central London, WC1

£33,000 + Car + Large company benefits

Cable and Wireless is one of the World's leading telecommunications groups operating in 45 countries, and is committed to establishing a global digital telecommunications network, connecting the world's primary economic and financial centres. A long established pattern of profit growth was continued in 1989/90 with a 25% increase to £527m.

Internal promotion has now created an opportunity for an Audit Manager. Based at the Corporate Headquarters, you will spend up to 40% of your time abroad managing audit assignments at every stage, whilst supervising and offering hands on assistance to your team in locations which include USA, Caribbean, Middle East and Europe.

The high profile nature of the function means you will liaise at the highest levels within the organisation. As a result, it is essential that you have first rate communication and technical skills. Equally with responsibilities including recruitment and professional staff development, you must be able to demonstrate excellent managerial and motivational abilities.

The position offers a range of large company benefits including a car, with superb scope for promotion after 18-24 months. Group policy recognises the need to attract, retain and develop highly skilled and motivated employees throughout the world, and Group Internal Audit is regarded as a training ground for future senior managers.

The successful candidate will probably be a qualified ACA/CACA/CIMA, with at least 18 months post qualification experience within an internal audit function, ideally encompassing EDP audit skills.

For further information, please contact ANDREW TATTERSALL, our advising consultant, on 071 404-3155 at Alderwick Peachell & Partners, 125 High Holborn, London WC1V 6QA. Fax 071 404-0140

Alderwick and Peachell PARTNERS LTD

GROUP ACCOUNTANT

London | **£45,000 +Benefits**

Our client is a major international group manufacturing both products used within the construction industry and consumer goods.

As a result of internal promotion it now seeks to appoint a Group Accountant who will be responsible to the Group Financial Controller for statutory and management reporting, accounting systems development, the financial assessment of proposed acquisitions and divestments and the provision of information and advice to operating companies and divisions.

Candidates will be qualified accountants aged 32-40 with strong technical skills, computer literacy, the presence to relate well to colleagues at all levels and the commercial ability and intellectual energy to contribute to the solution of business problems.

Prospects within the *medium term include a move to the Financial Directorship* of a substantial operating company.

Please reply in confidence with a comprehensive curriculum vitae including details of current remuneration and a daytime telephone number to D.E.Shribman.

HUDSON SHRIBMAN

VERNON HSE · SICILIAN AVE · LONDON WC1A 2QH · TEL: 071-831 2323

FINANCIAL RECRUITMENT

Career Opportunities For Top Class Accountants

GPA is the world's foremost lessor of commercial aircraft. Since its formation in 1975 the company has demonstrated an outstanding record of innovation and is now firmly established as the market leader in its field. The company's head office is in Shannon, Ireland and it also has offices in Dublin, Connecticut, Los Angeles, New York, London and Tokyo.

GPA's activities are currently organised into three principal business units:

GPA Leasing

Manages the GPA aircraft portfolio including the design, sale and administration of leases to airlines. GPA Leasing is also responsible for the purchase and sale of used aircraft and for the management of the Group's leasing joint venture companies. Currently the Group has over 250 aircraft on lease in 42 countries.

GPA Capital

Operating in a financially sophisticated environment GPA Capital is responsible for the creation and marketing of aviation related products to investors, for related banking activities including cross border and tax based financings for GPA and its customers.

GPA Technologies

Manages GPA's investments in aviation technical services, including aircraft maintenance, engine leasing, parts supply and aircraft painting and refurbishment. It is anticipated that one of these investments Shannon Aerospace Limited will employ over 1,000 people in the mid 1990's.

The company now wishes to recruit a number of young Chartered Accountants. Ideally candidates will have two years' post qualification experience although newly qualified accountants with good examination performance will also be considered. Excellent interpersonal skills and the ability to work in a multi-disciplinary environment are key requirements together with mental and physical resilience.

The positions, which are Shannon based, will offer excellent career development prospects together with opportunities for international travel.

GPA rewards its people well, particularly by profit related bonus schemes and the ability to share in GPA's capital growth.

Candidates should send full personal, career and salary details in confidence to:

Mr. Brian Ward,
Peat Marwick Management Consultants,
1 Stokes Place,
St. Stephen's Green,
Dublin 2.

GUINNESS PEAT AVIATION

GPA Group plc Shannon Ireland

Finance Director

North Of England,

c £50,000

An exciting opportunity has arisen to join the Executive Board of a group of companies with a turnover of several hundred millions. The Group is a subsidiary of a prestigious plc.

The responsibilities are broad, and candidates will need to have acquired significant experience of working at a senior level in the finance function at the centre of a large company with multi-site operations, preferably in a distribution or service industry.

The Finance Director will be expected to make a significant contribution towards financial control and reporting within the Group and also towards the development and implementation of the Group's business strategy. Responsibilities also cover the legal and company secretarial functions.

Applicants, probably aged in their forties, will need to be qualified accountants with the management skills and personality essential to succeed at the top of a wide group of businesses. An attractive package is offered which includes an executive car, large company benefits, and relocation assistance if appropriate.

M.K. Garner, Ref: L26010/FT. Male or female candidates should telephone in confidence for a Personal History Form, 0532-448661, Fax: 0532-444401, Hoggett Bowers plc, *7 Lisbon Square,* LEEDS, *LS1 4LZ.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

FINANCIAL PLANNING MANAGER

City — **to £43,000 base, bonus, bank benefits + car**

Our client, a major international banking group with worldwide operations, recently created a high level financial planning team. Due to a recent promotion, the need has arisen to recruit another team member.

We are seeking candidates capable of handling a broad ranging role, dealing at the highest levels within the Group on projects vital to the Group's development. A key responsibility will be the communication of financial issues to management throughout the Group. The role will require expertise in:

- evaluation of financial performance
- budgeting and long-term forecasting
- strategic and M&A work
- technical financial, accounting and tax issues
- major project evaluation.

The appointee for this high level position will be exceptional in calibre. He/she will have four to five years' post-qualification experience, and is likely to be in the 30-35 year age bracket.

Candidates will be committed to their careers, achieving objectives and influencing the growth and future development of the Group. Presence and credibility will be enhanced by a knowledge of the financial services environment, acquired either within the profession or a financial services organisation.

High performance will lead to career development within a relatively short period in an operating unit either in the UK or overseas. Qualified candidates should send their CV, in confidence, to James Forte at the address below, providing details of present remuneration, home and day telephone numbers, quoting ref 8729/2.

KPMG Peat Marwick Selection & Search

70 Fleet Street, London EC4Y 1EU

Divisional Management Accountant

for a major subsidiary of

Hanson PLC

A major subsidiary company of Hanson PLC based in the South West requires an ambitious accountant to join its management team.

Reporting to the Finance Director you will be responsible for the provision of meaningful financial information. In addition, you will be expected to be extensively involved in broader business issues to contribute to the Company's continuing profit growth.

The successful applicant will be a qualified accountant aged 30-35 with a good academic background and a proven track record within a commercial environment. Experience within the consumer goods industry would be an advantage.

In addition to a substantial basic salary, the remuneration package will also include bonus and share options.

Applications should be made to:
Box A868, Financial Times
One Southwark Bridge, London SE1 9HL

Group Financial Controller - Worldwide

SWITZERLAND

c 200,000 Swiss Francs
Plus Bonus
Plus Benefits
Plus Relocation

This public, listed company, quoted on the London Stock Exchange, has a turnover in excess of £500m and is a world leader in developing custom-made solutions that combine advance technologies in optics, precision engineering, electronics and software. With manufacturing and technology centres in eight countries and distribution networks worldwide, they currently seek a Group Controller to be located at the Worldwide Headquarters in Switzerland.

Responsible to the Group Finance Director for all financial reporting, control, analysis and forecasting you will also be involved in:

- treasury matters
- tax planning
- corporate finance
- corporate consolidation

As a member of the Senior Financial Team you will liaise with all business centres within the group worldwide.

You will have a degree or equivalent and be a fully qualified Chartered Accountant. Knowledge of US and UK reporting requirements is necessary. You must have a "hands-on" practical approach with high professional standards, initiative and drive.

Internationally orientated, you will have experience of a senior role within a multinational environment controlling more than one business together with those functions listed above. Capable of handling a growing management remit, you will be fluent in English and ideally at least one other language (preferably German).

This is a high profile appointment. Besides an excellent salary and substantial bonus, other benefits are available. Future prospects are outstanding.

Interested candidates should write in confidence to:Nicholson International(recruitment consultants),142 Buckingham Palace Road, London SW1W 9TR quoting reference 9124, or fax details on071-823 6835 or call directly on071-730 8910 for an initial discussion.

NICHOLSON INTERNATIONAL

FINANCIAL ANALYST

CENTRAL LONDON

c.£25,000 + CAR

A successful future within the International Drinks industry lies not only in the continued development of strong brands but also in the promotion of these various products through sophisticated marketing campaigns.

With a reputation for excellence in both, our client wishes to appoint a young accountant to an important marketing support role, where his or her contribution will complement a corporate policy of developing increasingly sophisticated analytical methods and techniques.

The position will encompass the production of plans and forecasts, analyses of profitability, cash flow projections and budgetary control and will also involve close liaison with sales and marketing departments. This work and various ad-hoc project assignments are very much team oriented and are expected to have an important influence on the strategic direction of the business.

The opportunity will be of interest to a newly qualified accountant or possibly an exceptional finalist, possessing an assertive, creative personality and a strong commercial awareness, and who is keen to pursue a career with one of the UKs most prominent FMCG based companies.

Please contact NEIL J HINWOOD on 071-629 8863, fax 071-408 0961 or write to him at the address below.

BOND ACCOUNTANCY

RECRUITMENT CONSULTANTS
BOND HOUSE, 19-20 WOODSTOCK ST, LONDON W1R 1HF Tel: 071-629 8863

FINANCIAL CONTROLLER

Central London — **30 - 35** — **c£35,000 + Car + Bonus**

Our client a young and dynamic company have operations both in the U.K and U.S.A. They specialise in providing a consultancy and licensing service to international blue chip companies within the retail fashion and textile industries. Due to internal reorganisation they now have an immediate requirement for a Financial Controller.

Reporting to the Chairman, your principle responsibilities will comprise the co-ordination and management of the finance function. This will include all aspects of timely financial planning, cash management and systems development.

The Financial Controller will be expected to provide the board with financial advice and to contribute to the growth and increased profitability of the business.

A graduate qualified accountant with at least five years commercial experience, you should also possess outstanding interpersonal and technical skills in order to convey precise judgement in a fast moving environment.

The successful applicant will also be expected to undertake a small amount of travel to the U.S subsidiary.

Interested applicants should telephone Giles Daubeney on 071-437 0464, or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

Directing Change in a Multi Million Pound Environment

FINANCE DIRECTOR DESIGNATE

£45,000 + Substantial Benefits — **C. London**

As part of one of the world's largest and most influential communications organisations, our client has its own impressive success story to tell.

With a market spanning the whole of Europe they supply a vast range of critical business information services, from on line data bases to international credit reports.

To complete their strategic management team they are looking to recruit an astute financial executive who will report to the Group Managing Director.

A qualified accountant, your experience to date will have given you a thorough appreciation of not only financial management and high volume sales but also the broader implications of decisions in a highly profit orientated business environment.

In addition to the inter-personal and communication skills required to motivate and manage the finance team, you must be able to demonstrate the business acumen and personal credibility to play a positive and influential role within the senior management team.

Whilst your key initiatives in this role will relate to the management and strategy of a £10 million subsidiary, there will be the chance in the medium term to develop your career group wide. For a successful, profit-motivated and energetic individual the financial rewards are excellent; you will also receive a fully expensed car, bonus scheme and relocation assistance where appropriate.

To apply please telephone Jane Easton on 071-357 7141 or write to her, enclosing a full CV and quoting Reference C901, at Juniper Woolf Consulting Partners, 180 Bermondsey Street, London SE1 3TQ.

Juniper WOOLF

SEARCH & SELECTION · RECRUITMENT ADVERTISING

Divisional Financial Controller

Salary Package To £50,000, Share Options, Car

Our client is a highly successful UK based, international industrial group with a deserved reputation for the successful acquisition and revitalisation of a diverse range of engineering and manufacturing companies, primarily in the UK and the USA. Aged 30-45, a gifted accountant, you will be responsible for the financial performance of a division comprising of a wide range of companies. Reporting to the Group Controller, you will be the functional manager of a number of operating company Finance Directors while working closely with the Divisional Director and other Board members of the operating companies. This is not a 'desk-bound' head office role but involves hands-on management in the companies within the division.

It is essential that you have a broad base of manufacturing and costing experience with a pragmatic understanding of systems. Proactive in approach with the commercial flair to operate effectively at senior executive level, you will be expected to make a major contribution in a multi-site division, which supplies a range of products to worldwide markets. Career prospects are first class, and the remuneration package consists of an excellent salary, bonus and full range of benefits.

J.A. Thomas, Ref: L13163/FT. Male or female candidates should telephone in confidence for a Personal History Form, 0532-448661, Fax: 0532-444401, Hoggett Bowers plc, *7 Lisbon Square,* LEEDS, *LS1 4LZ.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Finance, Administration & Planning Director

UK/Japanese Joint Venture

Property/High Technology Services

c £45,000 + Bonus + Benefits — City/Docklands

A new concept, strongly backed by very major British and Japanese corporations, offering computer and communications services and facilities to a wide range of potential customers. Real growth potential.

THE COMPANY

◇ Strongly financed. Owns a very major building in Dockland and City office. Mixed British and Japanese management team.

◇ Offers sophisticated facilities to companies with communications and computer requirements. This is a new service concept with very wide potential market.

THE POSITION

◇ Very varied and stimulating mix of *responsibilities. Financial management* is essential but the real task is to develop the

◇ Responsible for all functions other than technical, sales and marketing.

QUALIFICATIONS

◇ Experience in finance and administration combined with excellent people management skills. Desire for broad, varied general management role.

◇ Ideally qualified accountant aged 35-45.

◇ Excellent communication skills. Flexible, creative manager. International, ideally Japanese experience, motivated to build an exciting new business.

Please write, enclosing full cv, Ref J2623, 54 Jermyn Street, London, SW1Y 6LX

S N B SELECTION LTD N

LONDON • 071-493 6392
BIRMINGHAM • 021-233 4656 • MANCHESTER • 0625 539953 • GLASGOW • 041-204 4334
SLOUGH • 0753 694844 • HONG KONG • (HK) 5 217133

Assistant Taxation Manager

Prestigious Industrial Group

To £30,000 + Car — Rural Midlands

Excellent opportunity for a young and ambitious tax professional to make a major career step into industry with an extremely large international group.

THE COMPANY

◇ World leading engineering and contracting group.

◇ Over £1.5bn turnover, numerous operating units in the UK and overseas.

◇ Profitable and well-focused.

THE POSITION

◇ *Newly created role as Number 2 in the Tax* Department.

◇ Full involvement in UK and overseas compliance and planning work.

◇ Challenging opportunities to advise businesses on tax consequences of international contracts, acquisitions and

QUALIFICATIONS

◇ Qualified accountant.

◇ At least three years experience in Corporate Tax gained within either industry or the profession.

◇ Confident and intelligent communicator. Ambitious for a high profile career in industry.

Please write, enclosing full cv, Ref 2BJ0101 NBS, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST

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MANCHESTER • 0625 539953 • GLASGOW • 041-204 4334 • HONG KONG • (HK) 5 217133

Group Finance

Major UK PLC

London, West End — To £35,000 + Car

Our client, a highly successful international trading and distribution Group, is a member of that exclusive band of UK companies with a turnover in excess of £1 billion. It is determined to continue to increase both sales and operating profitability through organic growth and further acquisition, both internationally and within the UK.

There is an immediate need for a talented and ambitious individual to join the Group Finance team. A key responsibility will be to maintain effective and supportive contact with Divisional finance teams, and produce Group consolidations, half-yearly and annual accounts. Ad hoc project work will include involvement in corporate planning and acquisition activity. The role will present both the challenge and opportunity of gaining 'hands-on' experience and influencing policy and practice, in an environment where technical standards are exacting.

The ideal candidate is likely to be around 30 years old, a graduate and will be ACA or ACCA qualified. At least 3 years' post-qualification experience and a strong background in the profession will be preferred. Commerciality, maturity and enthusiasm are essential requirements, as are high quality communication skills. Detailed knowledge of SSAPs, Stock Exchange regulations and the requirements of relevant authorities will be assumed, and experience of US and European accounting practice would be a distinct asset. Career development opportunities will be extremely good, both domestically and internationally.

In addition to the advertised salary, the benefits package will include a fully expensed car, attractive pension scheme and BUPA.

Interested applicants should write, enclosing a detailed curriculum vitae, to Maggie Henderson-Tew, at the address below.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 OLD BURLINGTON STREET, LONDON W1X 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820.

A GKR Group Company

GROUP FINANCE DIRECTOR

INSURANCE BROKER

CITY — TO £45,000 + BONUS + CAR

We are a fast growing insurance based Financial Services Group, which includes a Lloyd's broking firm. As a market leader in many of our specializations we have a high reputation for innovation in applying insurance products to enhance the manufacturing reliability, solvency and financial structuring of our high quality customer base.

The post has become available due to the promotion of the current Group Finance Director to Managing Director of a core subsidiary. You will be reporting to the Joint Managing Directors. The successful applicant will be involved both strategically and operationally, in developing the business and in providing a 'hands on' approach to the financial management of the Group.

As a qualified chartered accountant you are likely to have a minimum of 7 years post qualification experience, you will have had financial experience within an insurance or financial services business. You will have a sound knowledge of computer systems and an ability to communicate effectively with Board members and staff.

Male or female candidates should submit in confidence a comprehensive C.V. to The Chairman, LPH Group Plc., St Michael's Rectory, St. Michael's Alley, (off) Cornhill, London EC3V 9DS.

LPH Group plc

FINANCIAL CONTROLLER

A challenging role for a young, ambitious professional

Yorkshire £28-33,000 + Executive Car + Benefits Package

Operating in the fast-moving service industry sector and enhanced by a first class reputation, this major UK group has enjoyed considerable success in the last decade. A new and progressive management team has been appointed to take on the considerable challenges the organisation faces in order to go forward both profitably and successfully. Significant investment in information technology, commitment to quality of service and the recruitment and retention of high calibre professionals are seen as essential to the achievement of goals set for the 1990's.

The role of Financial Controller will revolve around the provision of prompt and pertinent information focusing on the analysis and evaluation of areas which call for immediate attention, at which time you will be expected to be pro-active in initiating action and change. In addition you will be involved in statutory reporting and the development of computer systems.

Inevitably there is a requirement to be 'hands on' however the essence of the role requires you to adopt a highly flexible approach to ensure that you make a major impact and contribution to the business.

To be considered for this appointment you will be a qualified Accountant (*preferably chartered*) of graduate calibre aged up to 35. Your track record to date must demonstrate achievement and success within a substantive business. A strong personal presence, excellent communication skills and a high degree of commercial awareness will be vital qualities for success in this demanding role. The challenge is considerable, however the rewards in terms of job satisfaction and future progression are outstanding.

Interested candidates should forward a full curriculum vitae including details of present salary and a daytime telephone number to Mary Byrne at

Stark Brooks Associates, 47 Upper Basinghall Street, Leeds, LS1 5HR. Telephone 0532 428898.

STARK BROOKS ASSOCIATES

MANCHESTER ◆ LEEDS

Accountancy Recruitment Consultants

FINANCIAL DIRECTOR

Advertising Agency • Central London • £40,000 + Bonus + Car

Our client, a successful and rapidly growing advertising agency with billings in excess of £10m which prides itself on the quality of its work and personal service, is looking to recruit a competent, commercially aware Financial Director.

Reporting to the Managing Director the position will oversee the financial, computing and secretarial activities, and ensure that control systems are implemented to provide a cost effective and commercially orientated service for the smooth running of the Agency. As part of the senior management team, the Financial Director will be required to provide advice on business planning and profitability.

Candidates for the post should be qualified accountants, ideally graduates, with a minimum of five years post qualification experience gained within a modern computerised environment.

Experience of working in a small/medium sized marketing/trading/service industry would prove beneficial but more important is the ability to function as a team player and to share in the overall objectives of the agency.

A competitive salary, bonus and benefits package is offered.

Applicants should write in confidence enclosing a comprehensive curriculum vitae with salary history and quoting reference 565 to:

Jeff Cottrell, Senior Consultant
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

FINANCIAL DIRECTOR

Central Cheshire
c.£25,000 + profit share + car

OUR CLIENT is the subsidiary of a medium-sized limited company and specialises *in fuel marketing and distribution.*

An energetic Accountant is now required to head up a small team covering the full range of financial and management accounting duties using modern computerised systems.

Aged 26 to 45, candidates should be qualified Accountants with at least three years' experience in financial *management in industry*. They must be thoroughly versed in the preparation and interpretation of financial and management accounts, stock and credit control and *computerised* systems development. The ideal candidate will have some experience of distribution, be used to operating to tight deadlines and have highly developed communication skills.

The *remuneration package is negotiable* and includes a company car, pension and profit-sharing schemes and medical insurance.

Please write or telephone for a Personal Record Form or send a detailed CV quoting reference number **PBM/4429/DJD to David Dewhirst, PA Consulting Group**, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 021-454 5791.

PA Consulting Group
HUMAN RESOURCES
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ACCOUNTING MANAGER

Northolt, Middx

Dash is the leading name in leisurewear, and with over 300 outlets in the UK and overseas, and plans for greater expansion, we will remain at the forefront of leisurewear retailing. We now have an opportunity for a qualified accountant to join us at our Northolt Head Office.

Reporting to the Divisional Finance Director, your prime responsibility will be to provide a comprehensive, accounting service. This includes preparing both monthly and annual accounts, ensuring standards of accuracy and completeness. You will also regularly review and improve accounting systems and to ensure that our records correctly reflect the business activity.

A qualified accountant, with at least two years commercial experience, preferably gained in a retail or service industry, you will be an effective communicator, with the ability to manage and motivate the accounting team working for you. Determined and inquiring, you will be able to prioritise your workload, and have experience of systems and procedures to reflect the changing needs of the business.

We will reward you with a generous salary and benefits *package, including company car, profit share*, pension scheme and BUPA cover.

Write with full CV to:

Sue Cheetham, Personnel Controller, DASH, PO Box 40, Rowdell Road, Northolt, Middlesex UB5 6BS.

dash

NETWORK

ACCOUNTANCY
RECRUITMENT CONSULTANTS

Financial Director Wiltshire

To £40,000 + Car + Benefits
Working for this Swindon based national market leader, keeping in close liaison with both the Chairman and Managing Director, you will be a fully qualified A.C.A. with *engineering/manufacturing experience.* Taking fully responsibility for the financial function as well as contributing to the planning and growth of the company, you will be under 45 years of age. (Our Ref: SAN 2102).

Qualified Highflier/ P.A. to Chairman Wiltshire

To £30,000 + Car
Required for this commercial appointment with a prominent, national leader, current turnover £200m. *Recently qualified*, seeking a move into a non-routine accounting role, you will be of the highest calibre, an energetic, good all rounder possessing the confidence and capability to make a real impact on business performance. Languages an advantage (but not essential). *(Our Ref: SAN 2067).*

Please contact Catherine Wood BSc in the strictest confidence to discuss these and other vacancies.

ALEXANDER HOUSE
19 FLEMING WAY
SWINDON
WILTSHIRE SN1 2NG
TELEPHONE 0793 612222
FACSIMILE 0793 542554

Head of Financial Consultancy

Northern England to £60,000 + Car

Our client is a major international management consultancy practice with an enviable reputation for excellence. Sustained growth throughout the North of England has created a rare opportunity to join this prestigious firm at senior management level.

The requirement is for an outstanding consultancy manager to further develop the existing financial consultancy practice which already has a significant market presence. The firm's broader consultancy activities include Marketing, I.T., Human Resources, Manufacturing and Distribution consultancy services.

The major responsibilities of the position will include the initiation and development of business, assignment management and the leadership, motivation and development of a team of 20 high calibre consultants. Existing clients range from small and medium sized companies to major international groups across a variety of business areas, including the public sector. Assignments are likely to focus on business planning, cost management systems, financial control and financial reporting systems.

Candidates, aged 30 to 45, must be qualified accountants of graduate intellect, who can demonstrate a strong track record of achievement gained in either industrial or public sector financial management, coupled with a minimum of three years' management consultancy experience. Strong communication skills, self-motivation, energy and achievement orientation are prerequisites of the appointment.

The salary is negotiable to £60,000 and there is a comprehensive benefits package, including relocation assistance where appropriate. There is considerable scope for advancement, both nationally and internationally.

Interested applicants should forward a comprehensive curriculum vitae, quoting Ref: 2626, to **Alan Dickinson ACMA, Michael Page Finance, Executive Division, 39-41 Parker Street, London WC2B 5LH.** Telephone 071-831 2000 (office) or 023065 448 (weekend).

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Group Finance Director

North London
c £60,000 plus benefits

We are acting for a medium-sized and profitable USM group engaged in a variety of manufacturing, service and creative activities. A series of acquisitions has transformed the group in recent years and it now consists of three significant divisions, representing its diverse interests.

The management structure is entirely decentralised, and subsidiaries employ their own accounting departments which already have sophisticated reporting systems. Supported by a Group Financial Controller, the Finance Director will be one of only four Main-Board Directors and will take full responsibility for financial strategy and control, planning, taxation and treasury management. The role will carry membership of divisional boards.

Candidates must be qualified accountants with a professional but creative and commercial approach and with a depth of public company experience at a senior level. Relationships with the City and with shareholders will form a key part of the function. Age ideally 37-45.

Salary is negotiable and benefits will include an outstanding car scheme and a bonus, which may take the form of share options.

Please write in confidence, enclosing career details and quoting reference 770/2, to Nigel Halsey, Managing Director, at the address below. Telephone 071 495 4446.

The Halsey Consulting Partnership
34 Brook Street, Mayfair, London W1Y 1YA

International Group Offers Real European Opportunities

SENIOR FINANCIAL PLANNING ANALYSTS

Unser Kunde, eine international bekannte Gruppe, die sich mit Verbraucherleistungen und -produkten befaßt, sucht für ihr deutsches [illegible] Unternehmen 2 Finanzanalytiker [illegible] in gehobener Position.

Für Bewerber, die [illegible] dynamischen und [illegible] Unternehmen Karriere machen [illegible] sich hier eine [illegible] Positionen [illegible] auf [illegible] Art weiter [illegible] Bewerber [illegible] werden, in 18 [illegible] wahrscheinlich [illegible] aussichtsreichen [illegible] geboten wird. Es ist [illegible] möglich, daß sich in Deutschland oder [illegible] Europas entsprechende Zukunfts[illegible] bieten.

Zunächst erstreckt sich die Tätigkeit über einen breiten Verantwortungsbereich, der die Finanzplanung und -analyse, die Aufstellung von Budgets und Prognosen und die allgemeine Überwachung und Überprüfung der Geschäftstätigkeit umfaßt. Sie werden in engem Kontakt zum Operativen Management und zur Geschäftsführung stehen und vollen Anteil an [illegible] Angelegenheiten nehmen.

Den obigen Aufgaben dürften nur junge, qualifizierte Wirtschaftsprüfer (Mitte 20) gewachsen sein, die die folgenden Fähigkeiten nachweisen können:

- Ein gutes Verständnis für Analysen und Zahlen und einen ausgeprägten [illegible] dazu beste Fachkenntnisse
- Starke Kommunikationsfähigkeiten und Geschick im Umgang mit Menschen
- [illegible] Entwicklungspotential
- Gute PC-Kenntnisse und Verständnis für [illegible] Systeme.

Bewerber sollten die englische und deutsche Sprache fließend beherrschen und in Deutschland wohnhaft oder aber bereit sein, sofort von Großbritannien oder einem anderen europäischen Land nach Deutschland zu ziehen.

Interessenten werden gebeten, sich telefonisch über die Nr. 071-491 3431 schriftlich unter Beifügung ihrer aktuellen Bewerbungsunterlagen auf Englisch und unter Angabe ihres gegenwärtigen Gehalts an Karen Wilson BA, ACMA bei FMS, 14 Cork Street, London W1X 1PF zu wenden.

Frankfurt

German/Englisch

Jahresgehalt: DM75.000-85.000

FMS

ACCOUNTS 2000

GROUP MANAGEMENT ACCOUNTANT

£32,000 + Bank Benefits ACA or ACCA

My client, a leading merchant bank, requires a proactive accountant to oversee two subsidiary companies and the co-ordination and supervision of a team of ten staff.

This role encompasses close liaison with other divisions and subsidiaries within the corporate structure. Proven management and computer experience from a large company is desirable.

Career prospects and future remuneration increments are excellent.

Contact Tom Manger on 071-636 7584

Accounts 2000 Ltd, 11 Harley Street, London W1N 1DA
Tel: 071-636 7584 Fax: 071-580 3734

FINANCIAL DIRECTOR DESIGNATE

Cheshire To 35,000 + Bonus + Car

Following a period of exciting growth, SAMAC, one the UK's leading steel stockholders has created a Strip Mill Products Division, based in Altrincham, Cheshire.

Working closely with the Chairman and Managing Directors this new post offers the qualified accountant active participation in the key business decisions.

Early tasks will include the advancement of financial and management information systems with particular accent on costing.

Aged 35-45 you should demonstrate an active and creative mind along with excellent communication skills. Further growth is planned and you will have active involvement in the assessment of potential acquisitions and investment opportunities.

Please send full personal and career details including current remuneration level and daytime telephone number, in confidence to Stephen Wells, Burgess Daring Recruitment, at the address below.

BURGESS DARING
Recruitment
Upper 5th Floor, Royal Exchange, St Ann's Square, Manchester M2 7EH.

Finance Director

Subsidiary of Expanding Plc **Package to £40,000 + BMW**

Our client is a highly successful and expanding quoted company operating in the service industry. They have an exceptional profit record and have acquisition/joint venture plans both in the UK and internationally. They are now seeking a high calibre Finance Director for their major subsidiary.

Reporting to the Managing Director and liaising with the Board of the Holding Company, you will lead a small team responsible for the accounting and financial control of the subsidiary company. Key tasks will include the timely production of financial and management information, budgeting, capital expenditure control, systems development and enhancement.

Candidates should be qualified accountants of graduate calibre, probably aged 30 to 35, with a strong commercial awareness preferably gained with a major profit orientated company. Good computer skills and an ability to take a 'hands on' approach are further requirements for this key position. In addition you must be highly motivated with strong leadership and man-management abilities and be able to demonstrate first class technical and interpersonal skills.

The position, based in West Yorkshire, carries an excellent benefits package which reflects the importance of this key appointment. This is a high profile role and there is significant career development potential.

If you are interested, please telephone Graham Marlow or Stuart Adamson FCA on 0532 451212 or send your CV, in confidence, quoting reference number 712, to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Fax number 0532 420802.

ADAMSON & PARTNERS LTD.

Executive Search and Selection

RADLEY COLLEGE

BURSAR

Applications are invited for the post of Bursar and Secretary to the Governing Council on the retirement of Mr M M Jones MA ARICS in 1991. It is intended that the new appointment should run from 1st April 1991 and overlap with the present Bursar for one term.

Duties include the management of the day to day finances of the College, budgetting and reporting to the Council, and the supervision of buildings, all equipment, grounds, playing fields and the College estate.

The successful candidate will almost certainly be a graduate or hold an equivalent qualification and will be not more than 55 years of age.

Particulars may be obtained from:
The Chairman of the Council,
c/o The Bursar, Radley College,
Abingdon, Oxon, OX14 2HR

to whom applications should be addressed.

Closing date for applications is:
10th September 1990

FINANCIAL CONTROLLER

c.£33,000 p.a. Winchester

A NEW VENTURE IN BROADCAST TRANSMISSION

Exciting changes are taking place in the world of broadcasting. Recent legislation provides for a new private sector transmission company formed from the Independent Broadcasting Authority's transmission operations for ITV, Channel 4, BSB and independent local radio. It has allowed further scope too, for expansion into other broadcast and telecommunications activities.

We have an outstanding opportunity for a business orientated and commercially minded financial professional, to carry out a key role in directing and controlling the Finance Department of this new company, which will employ 800 people. Reporting directly to the Director of Finance, you will carry full responsibility for the finance, management accounting and treasury functions.

You should be a qualified accountant with senior level experience within the private sector. Your strength will particularly lie in the development of financial strategy, including investment of working capital, budgetary control and financial reporting techniques using powerful 4GL accounting software. We are looking for an individual with proven leadership qualities, excellent organisational abilities and good communication skills.

Please write with a current CV to: Jackie Howard, Human Resources Manager, c/o The Independent Broadcasting Authority, Crawley Court, Winchester, Hants, SO21 2QA. The closing date is 16th July 1990.

AN EQUAL OPPORTUNITIES EMPLOYER

Finance Director

from £40,000 pa + car

Peabody Trust is a major independent charity and London's largest housing association providing housing for some 25,000 people. Combined revenue and capital funds obtained in 1990, including grants, totalled £38 million and there is a large asset base. We are undertaking a £200 million programme of estate modernisation over the next 10 years funded by a mixture of public and private finance. Other privately financed initiatives are planned to provide a range of new housing and to increase the Trust's stock of 12,000 rented homes. We have created this new senior post to provide us with the in-house expertise to respond technically and conceptually to the increasingly sophisticated financial environment in which housing associations now operate.

Your key responsibilities include the need to ensure the required income is generated for the modernisation programme and that borrowing plans are developed and implemented successfully; maintain and strengthen the Trust's financial stability; develop further the provision of financial management information to Governors and managers and generally plan, and ensure compliance with, a financial strategy for the organisation.

Reporting to the Director and playing a major role in the management of the Trust, you will head up a Finance Department comprising 16 people and managed by senior accountants.

To be considered for this exciting and challenging role, you need good experience of taking the lead in financial strategy, including a major borrowing programme, and a proven track record of running a well-developed, responsive finance function. A knowledge of housing association finance is of course useful, but by no means essential.

Please write, in confidence, enclosing a detailed CV to: Miss B.M. Bradshaw, Personnel and Training Manager, Peabody Trust, 207 Waterloo Road, London SE1 8XW.

We are committed to a policy of equal opportunities.

Peabody Trust

Appointments Advertising

appears every Wednesday
Thursday.
and Friday International
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For further information
please call:

Jennifer Hudson
071-873 3607

Richard Huggins
071-873 3460

Stuart Maddock
071-873 3392

APPOINTMENTS WANTED

ACA (BIG EIGHT TRAINED)

31 years old 1st class hons graduate, 6 years PQE at senior management level with major PLC. Experienced in international accounting issues corporate finance, and special projects. Seeks challenging role at directorship or controllership level or any senior finance position requiring a significant contribution. Based London and Home counties.

Write to Box A870,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

PQE

W. MIDLANDS £23,000+car

Financial Director (Designate)

This UK subsidiary of a "Top 500" US corporation seeks a commercially-sensitive Accountant to take control of the finance function as well as the review and enhancement of management information systems. Opportunity to play a key role in a market leading company. Ref: 51A935

Contact The Manager at 49 Newhall Street, Birmingham 021-200 2600
Or the PQE Specialist advising on this appointment on 071-489 9997

BERKSHIRE c£25,000+car

Management Accountant

One of the leading UK leisure companies offers a superb opportunity to work on a special projects basis, leading a small team to develop systems for a large number of interconnected departments and functions. Excellent package includes car, substantial holidays, BUPA and several other innovative benefits. Ref: 25266B1

Contact The Manager at 20 Queen Victoria Street, Reading 0734 596677
Or the PQE Specialist advising on this appointment on 071-489 9997

CENTRAL LONDON £25,000

Management Accountant

Multinational manufacturing company, under US ownership, requires a Qualified Accountant to undertake monthly management accounts, annual budgets, monthly forecasts and the analysis of the profitability of lines. The position carries the responsibility for 2 members of staff and will involve the use of spreadsheet packages. Ref: 18009

Contact the PQE Specialist advising on this appointment at 76 Cannon Street EC4 071-489 9997.

SURREY £25,000+car

Treasury Analyst

An excellent opportunity to join a European subsidiary of one of the largest industrial companies in the world. You will perform broad treasury reviews at various European locations, provide asset management analysis and undertake special project studies in tax and treasury areas. Ref: 22206B3

Contact The Manager at 26 Commercial Way, Woking 0483 771445
Or the PQE Specialist advising on this appointment on 071-489 9997

WATFORD c£30,000

European Financial Executive

Reporting to the European Financial Director, this is a second-in-command position, with empasis placed on the consolidation of financial systems/procedures to facilitate renewed European expansion. Excellent package on offer including company car and relocation expenses where appropriate. Prospects within this multinational company are excellent. Ref: 87A1LJF229

Contact The Manager at 55 High Street, Watford 0923 50350
Or the PQE Specialist advising on this appointment on 071-489 9997

SURREY COAST £30,000+car

UK Financial Controller

A superb opportunity to join a major FMCG manufacturer as its Financial Director Designate. The company possesses several well-known brands and wholly owned subsidiaries across the world. The position is based at the main production facility and requires strict financial management and strategic planning. Ref: 68363

Contact The Manager at 133 Queens Road, Brighton 0273 207710
Or the PQE Specialist advising on this appointment on 071-489 9997

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(24 hour answering service)

REED... accountancy

PLANNING CONTROLLER

£30,000 + Car

C. London

Our Client, a multi-national Blue Chip organisation engaged in the manufacture of industrial products, currently seeks a key individual to strengthen its management team.

Reporting to the Finance Director and working within a small head office finance function, you will be responsible for monitoring and analysing divisional performance. Preparing the annual budget, you will provide financial support and advice to the operations worldwide. In addition there will be a substantial element of international project work which will involve some travel.

The ideal candidate will be professionally qualified, aged 27-30, with strong management and accounting skills. Equally important is a confident personality and the ability to liaise at all levels.

Please apply directly to Collette Harrison at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. Telephone: 071-836 3545, or evenings on 081-771 6457. Alternatively, fax your details on 071-836 4942.

ROBERT HALF LONDON

Financial Recruitment Specialists
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FINANCIAL CONTROLLER

Wimbledon, SW19 — Salary to £30,000 + car + Benefits

A leading Wholesaler of Designer Dresses has a vacancy for a qualified Chartered Accountant, with good computer knowledge and a commercial flair. A key challenge to accept total responsibility for the finance function, improve financial reporting and develop computer systems in a rapidly expanding plc subsidiary. The successful candidate will have to be a self-starter, hands-on manager with enthusiasm and commitment.

The Administration Department is situated in Wimbledon and the job involves all aspects of financial and management accounting in an autonomous subsidiary of a public company. Reporting to the Managing Director and the management team, they will require timely accurate management information to discuss and agree marketing strategies at an exciting stage in the company's growth (£10 million turnover). The opportunity for early appointment as Finance Director will depend on a period of successful performance in this challenging role.

Please reply by sending your C.V. to The Finance Director
The Elms, 26, Broad Street, Wokingham, Berks., RG11 1AB

DIRECTOR FINANCIAL OPERATIONS

C. London — £45,000 + bonus + car

Part of a major US Corporation, our client is a successful international group, with a well-deserved reputation for quality. Operating worldwide, it manufactures and markets technologically advanced instrumentation and control systems for the automotive and industrial automation sectors.

This is a new appointment resulting from the rapid expansion of the business through acquisition, joint ventures and internally generated growth. The Director Financial Operations will work closely with the Group Managing Director and provide him with financial support in the management and development of the business. Responsibilities will include establishing business plans for the operating companies and reviewing their performance; integrating new subsidiaries and developing their systems to meet US requirements; evaluating investment and marketing plans and providing a financial troubleshooting facility.

This is a challenging, high profile position which will require a top-flight individual with flexibility, drive and commitment. Candidates should be qualified accountants of graduate calibre with self-confidence, discretion and board level credibility. Probably in your mid/late 30's, you will have sharpened your financial and commercial awareness in both head office and operating company environments. You will be comfortable in an international setting and familiar with US reporting requirements. Successful performance in this exciting and demanding role will provide a stepping stone into general management.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref: L525.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD (071-629 8070)

EGOR EXECUTIVE SELECTION

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Important new project-driven role with major International Group

SENIOR FINANCE EXECUTIVE

London

c£45,000 + Car + Benefits

Our client is a substantial International Group with diverse interests worldwide, ranging from transportation to leisure and property development.

Having completed a period of major re-structuring and with substantial funds available for further expansion, they now wish to recruit an experienced finance professional to join their senior financial management team.

Reporting to, and working closely with the Finance Director, you will be given responsibility for a wide variety of projects both of a strategic and operational nature. You will be expected to make a major input to business reviews, investment proposals and acquisition studies, as well as undertaking selected financial and management tasks on behalf of the Finance Director.

Central to your success in this demanding role, with its emphasis on special assignments, will be your ability to provide a flexible and practical response, based on sound financial and business judgement, to the Group's complex and rapidly changing commercial needs.

You will be a Chartered Accountant, aged 35-45, with a strong financial and technical background most likely gained in a major International practice, and with significant and varied commercial experience including some international exposure. A high level of commitment and well-developed interpersonal and communications skills are pre-requisites.

For further information, or to be considered for this role, please call **Neil Wax** or **Paul Goodman** on **071-387 5400 (out of hours on 081-445 0666 or 0923 226489)** or send your full C.V. with latest salary details, quoting ref 10238, to: **Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. Fax: 071-388 0857.**

financial SELECTION SERVICES
Executive Selection Division

Financial Controller

East Midlands

to £35,000 + car + benefits

The UK subsidiary of an internationally renowned manufacturing group, is seeking an experienced professional to fill this demanding role.

Reporting directly to the Managing Director, you will join an entrepreneurial team with ambitious plans for increasing its already dominant position within a highly competitive industry sector.

In addition to controlling the finance function, you will participate fully in the development of the company and will be expected to contribute to the determination of accounting policies at a group level.

Applicants must be qualified accountants with an excellent track record ideally including manufacturing industry. Importantly, they should have commercial flair, good leadership and communication skills and the maturity to work at a senior level.

This is an excellent career opportunity to work with such a well respected company.

There are good prospects for advancement and the opportunity to meet colleagues from around the world.

Applicants should write with career details, age and current salary quoting MCS/2061 to: Geoff Firmin
Executive Selection Division
Price Waterhouse
Management Consultants
Victoria House, 76 Milton Street
Nottingham NG1 3QY

Price Waterhouse

Major Innovation in Consumer Electronics

FINANCIAL CONTROLLER

Central London — **£32,000 + Car + bonus + benefits**

Our client is a recognised leader in the provision of state of the art technology to the consumer markets. With substantial corporate funding they are now poised to compound on their initial success by better penetrating the UK market thus increasing their overall market share.

In order to widen the breadth and depth of experience within the management team the organisation is now keen to appoint a Financial Controller who will play an important role in the development of the finance function and the impact it has on the broad based development of the company.

As a qualified Chartered Accountant, aged 28-32, you should already possess a strong technical background gained from working within a fast moving 'technology driven' company. The position will offer excellent career potential in what is widely regarded as one of the rising stars in high technology.

Interested applicants should contact **Charles Austin** quoting Ref A. 592, at Mervyn Hughes International Ltd, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Tel: 071 488-4114.

CHIEF ACCOUNTANT

SUSSEX BASED — £30K

We are a fast moving international company with a turnover of £30m, and are market leaders in the supply of human resources to our multinational clients.

The need has arisen for a high calibre qualified accountant to undertake an influential role within our Finance Department

We are looking for someone around 27 - 35 with drive, the ability to identify and initiate change and develop and lead a team. Candidates must have a good computer literacy, a confident personality and be able to liaise at a high level.

This position carries an opportunity to develop into a more senior role and we can offer added value external training where appropriate.

Please write with c.v. to:-
Jan Homewood, Corporate Human Resources Manager
Eurolink Group Plc, Blenheim House,
56 Old Steine, Brighton BN1 1NH.

EUROLINK GROUP PLC

FINANCE MANAGER

London N.19 — **c. £28,000 + car**

Our client is a supplier of temporary personnel to the building, electrical and mechanical market sectors, and also has plans to diversify into other areas.

They are seeking to recruit a Finance Manager, reporting to the Managing Director, who will run the Company's day to *day financial operations.*

The successful candidate will ideally be a young computer *literate qualified accountant*, who has some experience in the field of credit control. You will have a confident, assertive personality, and possess strong communication skills.

Please send your C.V. with salary history to Mr. C.D. Carr.

Fraser & Russell
Chartered Accountants
Corporate Development Service
4 London Wall Buildings
Blomfield Street, London EC2M 5NT.

ICE
GROUP OF COMPANIES
wish to recruit
a
CORPORATE ACCOUNTANT

We are looking for a qualified accountant who has had experience in the following areas:

Consolidation of management and financial accounts within a diverse group. Taxation matters involving compliance with all statutory requirements and planning; the principal involvement will be with UK tax although there is an expanding international involvement in Treasury affairs which will include the raising of finance, managing currency exchange risk and controlling liquidity. Developing management information systems and providing accounting support to each of the Group's General Managers. The ICE Group are involved in leasing equipment to the marine industry, providing support services to the offshore oil and gas industry and container manufacturing.

The Corporate Accountant will be responsible to the Group Deputy Chairman.

Applications to: Mr J. Regnard, Managing Director
Intermodal Container Equipment Ltd.
197 Knightsbridge
London SW7 1RB